

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-K**

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

Commission file number 1-3295

**MINERALS TECHNOLOGIES INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**25-1190717**  
(I.R.S. Employer  
Identification Number)

**The Chrysler Building**  
**405 Lexington Avenue**  
**New York, New York**  
(Address of principal executive office)

**10174-0002**  
(Zip Code)

**(212) 878-1800**

(Registrant's telephone number including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class	Name of each exchange on which registered
Common Stock, \$10 par value	New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act:**

None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant (1) is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes  No

The aggregate market value of the voting stock held by non-affiliates of the Registrant, based upon the closing price at which the stock was sold as of June 25, 2004, was approximately \$1.2 billion. Solely for the purposes of this calculation, shares of common stock held by officers, directors and beneficial owners of 10% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 11, 2005, the Registrant had outstanding 20,523,833 shares of common stock, all of one class.

**DOCUMENTS INCORPORATED BY REFERENCE**

Proxy Statement dated April 5, 2005

Part III

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## PART I

### Item 1. Business

Minerals Technologies Inc. (the "Company") is a resource- and technology-based company that develops, produces and markets worldwide a broad range of specialty mineral, mineral-based and synthetic mineral products and related systems and services. The Company has two reportable segments: Specialty Minerals and Refractories. The Specialty Minerals segment produces and sells the synthetic mineral product precipitated calcium carbonate ("PCC") and the processed mineral product quicklime ("lime"), and mines, processes and sells other natural mineral products, primarily limestone and talc. This segment's products are used principally in the paper, building materials, paint and coatings, glass, ceramic, polymer, food and pharmaceutical industries. The Refractories segment produces and markets monolithic and shaped refractory materials and specialty products, services and application equipment used primarily by the steel, non-ferrous metal and glass industries.

The Company emphasizes research and development. The level of the Company's research and development spending, as well as its capability of developing and introducing technologically advanced new products, have enabled the Company to anticipate and satisfy changing customer requirements, creating market opportunities through new product development and product application innovations.

#### Specialty Minerals Segment

##### *PCC Products and Markets*

The Company's PCC product line net sales were \$484.7 million, \$436.1 million and \$423.0 million for the years ended December 31, 2004, 2003 and 2002, respectively. The Company's sales of PCC have been and are expected to continue to be made primarily to the printing and writing papers segment of the paper industry. The Company also produces PCC for sale to companies in the polymer, food and pharmaceutical industries. Sales to International Paper Company represented approximately 10.0% and 11.5% of consolidated net sales in 2003 and 2002, respectively, and less than 10% of consolidated net sales in 2004. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

##### *PCC Products - Paper*

In the paper industry, the Company's PCC is used:

- as filler in the production of coated and uncoated wood-free printing and writing papers;
- as a filler for coated and uncoated groundwood (wood-containing) paper such as newsprint, magazine and catalog papers; and
- as a coating pigment for both wood-free and groundwood papers.

The Company's Paper PCC product line net sales were \$434.0 million, \$389.6 million and \$376.0 million for the years ended December 31, 2004, 2003 and 2002, respectively.

Over 45% of the Company's sales are of PCC sold to papermakers at "satellite" PCC plants. A satellite PCC plant is a PCC manufacturing facility located within a paper mill, thereby eliminating costs of transporting PCC from remote production sites to the paper mill. The Company believes the competitive advantages offered by improved economics and superior optical characteristics of paper produced with PCC manufactured by the Company's satellite PCC plants resulted in the continued growth in the number of the Company's satellite PCC plants since the first such plant was built in 1986. For information with respect to the locations of the Company's PCC plants at December 31, 2004, see Item 2, "Properties," below.

The Company currently manufactures several customized PCC product forms using proprietary processes. Each product form is designed to provide optimum paper properties including brightness, opacity, bulk, strength and improved printability. The Company's research and development and technical service staffs focus on expanding sales from its existing satellite PCC plants as well as developing new technologies for new applications. These technologies include, among others, acid-tolerant ("AT<sup>®</sup>") PCC, which allowed PCC to be introduced to the large wood-containing segment of the printing and writing papers markets, and OPACARB<sup>®</sup> PCC, a family of products for coating paper.

The Company owns, staffs, operates and maintains all of its satellite PCC plants, and owns or licenses the related technology. The Company and its paper mill customers enter into long-term agreements, generally ten years in length, pursuant to which the Company supplies substantially all of the customer's precipitated calcium carbonate filler requirements. The Company is generally permitted to sell to third parties PCC produced at a satellite plant in excess of the host paper mill's requirement.

The Company also sells a range of PCC products to paper manufacturers from production sites not associated with paper mills at Adams, Massachusetts; Lifford, England; Lappeenranta, Finland; Hermalle, Belgium; and Walsum, Germany.

##### *PCC Markets - Paper*

*Uncoated Wood-Free Printing and Writing Papers - North America.* Beginning in the mid-1980's, as a result of a concentrated research and development effort, the Company's satellite PCC plants facilitated the conversion of a substantial percentage of North American uncoated wood-free printing and writing paper producers to lower-cost alkaline papermaking technology. The Company estimates that during 2004, more than 90% of North American wood-free paper was produced employing alkaline technology. Presently, the Company owns and operates 25 commercial satellite PCC plants located at paper mills that produce wood-free printing and writing papers in North America. The Company anticipates that the aggregate volume of PCC used by these paper mills will increase.

*Uncoated Wood-Free Printing and Writing Papers - Outside North America.* The Company estimates the amount of uncoated wood-free printing and writing papers produced outside of North America at facilities that can be served by satellite and merchant PCC plants is more than twice as large (measured in tons of paper produced) as the North American uncoated wood-free paper market currently served by the Company. The Company believes that the superior brightness, opacity and bulking characteristics offered by its PCC products allow it to compete with suppliers of ground limestone and other filler products outside of North America. Presently, the Company owns and operates 23 commercial satellite PCC plants located at paper mills that produce wood-free printing and writing papers outside of North America.

*Uncoated Groundwood Paper.* The uncoated groundwood paper market, including newsprint, represents approximately 35% of worldwide paper production. Paper mills producing wood-containing paper still generally employ acid papermaking technology. The conversion to alkaline technology by these mills has been hampered by the tendency of wood-containing papers to darken in an alkaline environment. In an attempt to introduce PCC to the wood-containing segments of the paper industry, the Company has developed and patented a process for the manufacture of an acid-tolerant form of PCC (AT<sup>®</sup> PCC) that facilitates production of high-brightness, high-quality groundwood paper in an acidic environment. Furthermore, as groundwood or wood-containing paper mills use larger quantities of recycled fiber, there is a trend toward the use of neutral papermaking technology in this segment for which the Company presently supplies traditional PCC chemistries. The Company now supplies PCC to approximately 40 paper machines at about 20 groundwood paper mills around the world.

*Coated Paper.* The Company is also placing increased emphasis on the use of PCC to coat paper, and expects that its research and development in coating pigment technology will open up a large market for PCC that will build slowly as more paper companies include PCC in their proprietary coating formulations. PCC increases gloss, opacity, brightness and printability of the paper while decreasing its costs per ton. The coated paper market is large, and the Company believes this market will continue to grow at a higher average growth rate than the uncoated paper market and therefore provides a substantial market opportunity for the Company. PCC coating products are produced at 14 of the Company's PCC plants worldwide.

#### *Specialty PCC Products and Markets*

The Company also produces and sells a full range of slurry and dry PCC products on a merchant basis for non-paper applications. The Company's Specialty PCC product line net sales were \$50.7 million, \$46.5 million and \$47.0 million for the years ended December 31, 2004, 2003 and 2002, respectively. The Company sells surface-treated and untreated grades of PCC to the polymer industry for use in rigid polyvinyl chloride products (pipe and profiles), thermoset polyesters (automotive body parts), sealants (automotive and construction applications), adhesives and printing inks industries. The Company's PCC is also used by the food and pharmaceutical industries as a source of bio-available calcium in tablets and foodstuffs, as a buffering agent in tablets, and as a mild abrasive in toothpaste. The Company produces PCC for specialty applications from production sites at Adams, Massachusetts; Brookhaven, Mississippi; and Lifford, England.

#### *Processed Minerals - Products and Markets*

The Company mines or purchases and processes natural mineral products, primarily limestone and talc. The Company also manufactures lime, a limestone-based product. The Company's net sales of all processed mineral products were \$138.7 million, \$121.0 million and \$97.1 million for the years ended December 31, 2004, 2003 and 2002, respectively. Net sales of the talc products were \$51.6 million, \$43.2 million and \$30.3 million for the years ended December 31, 2004, 2003 and 2002, respectively. See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations."

Lime produced at the Company's Adams, Massachusetts facility is used as a raw material for the manufacture of PCC at that site and at some satellite PCC plants, and is sold commercially to various chemical and other industries.

The Company mines, beneficiates and processes talc at its Barretts site, located near Dillon, Montana and processes purchased talc in Mt. Vernon and Wellsville, Ohio. The talc is sold worldwide in finely ground form for paint and coatings, ceramic and polymer applications. Because of the exceptional chemical purity of the Barretts ore, a majority of automotive catalytic converter ceramic substrates manufactured in the United States, Japan and Western Europe contain the Company's Barretts talc.

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The Company's natural mineral products are supported by the Company's limestone reserves located in the western and eastern parts of the United States, and talc reserves located in Montana. The Company estimates these reserves, at current usage levels, to be in excess of 30 years at its limestone production facilities and in excess of 20 years at its talc production facility.

The Company also has two mineral processing plants in the Midwest United States, which process high quality mineral ores imported from foreign sources into performance minerals for the plastics, paint, adhesive and sealants, rubber and cosmetic industries. This capability was obtained through the acquisition of the business and assets of Polar Minerals Inc. in the third quarter of 2002.

### **Refractories Segment**

#### *Refractory Products and Markets*

##### *Refractories Products*

The Company offers a broad range of monolithic and pre-cast refractory products, systems and services. The Company's Refractory segment net sales were \$300.3 million, \$256.6 million and \$232.6 million for the years ended December 31, 2004, 2003 and 2002, respectively. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Refractory product sales are often supported by Company-supplied proprietary application equipment and on-site technical service support. The Company's proprietary application equipment is used to apply refractory materials to the walls of steel-making furnaces and other high temperature vessels to maintain and extend their lives. Net sales of refractory products, including those for non-ferrous applications, were \$243.0 million, \$209.7 million and \$189.8 million for the years ended December 31, 2004, 2003 and 2002. Robotic-type shooters, including the Company's proprietary SCANTROL™ application system, SEQUAD® sprayer and its MINSCAN™ system, allow for remote-controlled application in steel-making furnaces, as well as in steel ladles and blast furnaces. Since the steel-making industry is characterized by intense price competition, which results in a continuing emphasis on increased productivity, the SCANTROL™ application system, SEQUAD® sprayer, the MINSCAN™ system, and the related technologically advanced refractory materials developed in the Company's research laboratories have been well accepted by the Company's customers. These products allow steel makers to improve their performance through, among other things, the application of monolithic refractories to furnace linings while the furnace is at operating temperature, thereby eliminating the need for furnace cool-down periods and steel-production interruption. The result is a lower overall refractory cost per ton of steel produced to steel makers.

The Company's experienced technical service staff and advanced application equipment provide customers assurance that they will achieve their desired productivity objectives. The Company's technicians are also able to conduct laser measurement of refractory wear, usually in conjunction with robotic application tools, to improve maintenance performance at many locations. The Company believes that these services, together with its refractory product offerings, provide it with a strategic marketing advantage.

Over the past several years a significant amount of the Company's refractory product sales have come from new products. Some of the new products the Company has introduced in the past few years included:

- the MAG-O-STAR® and MAG-O-STAR® ALM spray coatings, an advanced refractory material for application to the slag line at the top of hot steel ladles increasing availability, balancing wear and extending lining life;
- innovations to the OPTISHOT™ family of refractory products;
- the MINSCAN™ application system, a fully automated application system for applying refractory materials to electric arc furnaces;
- LACAM® and VisionTech laser-based refractory measurement systems; and
- SCANTROL™, a fully integrated application system combining the LACAM® and MINSCAN™ technologies.

The Company has also expanded its refractories business through selective acquisitions over the past several years. In 2000, the Company acquired Ferrotron Elektronik GmbH, a manufacturer of advanced laser scanning devices, sensors and other instruments designed for the steel industry. In 2001, the Company acquired the refractories business of Martin Marietta Magnesia Specialties Inc. and purchased Rijnstaal B.V., a Netherlands-based producer of cored metal wires used mainly in the steel and foundry industries. These acquisitions have increased the breadth of the product lines and markets served by the Refractories segment. In 2002, the Company acquired VisionTech, a Finland-based company that develops and manufactures a refractory lining measuring system. In 2003, the Company acquired the assets of ISA Manufacturing, Inc., a U.S. based company that develops and manufactures pre-cast refractory shapes.

#### *Refractories - Markets*

The principal market for the Company's refractory products is the steel industry. Management believes that certain trends in the steel industry will continue to provide growth opportunities for the Company. These trends included rapid growth in select geographic

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regions (e.g., China), the development of improved manufacturing processes such as thin-slab casting, the trend in North America to shift production from integrated mills to mini-mills (electric arc furnaces) and the ever-increasing need for improved productivity and longer lasting refractories. The Company believes that the trend toward electric steel-making mini-mills and away from integrated steel mills has facilitated the acceptance of its new refractory products and technologies.

The Company sells its refractory products in the following markets:

*Steel Furnace.* The Company sells gunnable monolithic refractory products and application systems to users of basic oxygen furnaces and electric furnaces for application on furnace walls to prolong the life of furnace linings.

*Other Iron and Steel.* The Company sells monolithic refractory materials and pre-cast refractory shapes for iron and steel ladles, vacuum degassers, continuous casting tundishes, blast furnaces and reheating furnaces. The Company offers a full line of materials to satisfy all continuous casting refractory applications. This full line consists of gunnable materials, refractory shapes and permanent linings.

*Industrial Refractory Systems.* The Company sells refractory shapes and linings to non-steel refractories consuming industries including glass, cement, aluminum and petrochemicals and other non-steel industries, as well as PYROID<sup>®</sup> pyrolytic graphite sold primarily to the aerospace and electronics industries.

#### *Metallurgical Products and Markets*

The Company produces a number of other technologically enhanced products for the steel industry. These include calcium metal, metallurgical wires and a number of metal treatment specialties. Net sales of metallurgical products were \$57.3 million, \$46.9 million and \$42.8 million for the years ended December 31, 2004, 2003 and 2002. The Company manufactures calcium metal at its Canaan, Connecticut, facility and purchases calcium in international markets. Calcium metal is used in the manufacture of the Company's PFERROCAL<sup>®</sup> solid-core calcium wire, and is sold for use in the manufacture of batteries and magnets. The Company sells metallurgical wires and associated wire-injection equipment for use in the production of high quality steels. The Company's metallurgical wires are injected into molten steel to reduce imperfections. The steel produced is used for high-pressure pipeline and other premium-grade steel applications.

#### **Marketing and Sales**

The Company relies principally on its worldwide direct sales force to market its products. The direct sales force is augmented by technical service teams that are familiar with the industries to which the Company markets its products, and by several regional distributors. The Company's sales force works closely with the Company's technical service staff to solve technical and other issues faced by the Company's customers. The Company's technical service staff assists paper producers in ongoing evaluations of the use of PCC for paper coating and filling applications. In the refractory segment, the Company's technical service personnel advise with respect to the use of refractory materials and, in many cases, apply the refractory materials to the customers' furnaces and other vessels pursuant to service agreements. Continued use of skilled technical service teams is an important component of the Company's business strategy.

The Company works closely with its customers to ensure that their requirements are satisfied and often trains and supports customer personnel in the use of the Company's products. The Company conducts domestic marketing and sales from Bethlehem, Pennsylvania, and from regional sales offices in the eastern and western United States. The Company's international marketing effort is directed from Brussels, Belgium; Tokyo, Japan; Sao Paulo, Brazil; Singapore; and Shanghai, China. The Company believes its refractory manufacturing facilities are strategically located to satisfy the stringent delivery requirements of the steel industry. The Company also believes that its worldwide network of sales personnel and manufacturing sites facilitates the international expansion of its satellite PCC operations.

#### **Raw Materials**

The Company's ability to achieve anticipated results depends in part on having an adequate supply of raw materials for its manufacturing operations, particularly lime and carbon dioxide for the PCC product line, magnesia for its Refractory operations and talc ore for its Processed Minerals product line, and on having adequate access to the ore reserves at its mining operations.

The Company uses lime in the production of PCC and is a significant purchaser of lime worldwide. Generally, lime is purchased under long-term supply contracts from unaffiliated suppliers located in close geographic proximity to the Company's PCC plants.

The principal raw materials used in the Company's monolithic refractory products are refractory-grade magnesia and various forms of aluminosilicates. The Company also purchases calcium metal, calcium silicide, graphite, calcium carbide and various alloys for use in the production of metallurgical wires and uses lime and aluminum in the production of calcium metal. The Company purchases a

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significant portion of its magnesite requirements from sources in the People's Republic of China. High demand for bulk raw materials from the People's Republic of China is causing shortages and price increases of some key raw materials, such as coke, that are critical to the steel-making process which could lead to some steel production curtailment, which ultimately could affect the Company's sales to these customers. The Company also purchases a portion of its talc ore for its Processed Minerals product line from the People's Republic of China, which are also affected by some of these higher costs. In addition, higher shipping costs are also increasing the delivered cost of raw materials imported from China to North America and Europe. The Company believes that in the event of supply interruptions of its refractory raw material requirements it could obtain adequate supplies from alternate sources at reasonable costs.

#### **Competition**

The Company is continually engaged in efforts to develop new products and technologies and refine existing products and technologies in order to remain competitive and to position itself as a market leader.

With respect to its PCC products, the Company competes for sales to the paper industry with other fillers, such as ground limestone and clay, based in large part upon technological know-how, patents and processes that allow the Company to deliver PCC that it believes imparts superior brightness, opacity and other properties to paper on an economical basis. The Company is the leading manufacturer and supplier of PCC to the North American paper industry. It competes with certain companies both in North America and abroad that sell PCC or offer alternative products, principally ground calcium carbonate, for use in paper filling and coating applications. Competition with respect to the Company's PCC sales is based upon performance characteristics of the product (such as brightness and opacity), price, the availability of technical support and availability of raw materials.

With respect to the Company's refractory products, competitive conditions vary by geographic region. Competition is based upon the performance characteristics of the product (including strength, consistency and ease of application), price, and the availability of technical support. The Company competes with different companies in different geographic areas and in separate aspects of its product line.

The Company competes in sales of its limestone and talc based primarily upon quality, price, and geographic location.

#### **Research and Development**

Many of the Company's product lines are technology-based. The Company's expertise in inorganic chemistry, crystallography and structural analysis, fine particle technology and other aspects of materials science apply to and support all of its product lines.

The Company's business strategy for continued growth in sales and profitability depends to a large extent on the continued success of its research and development activities. Among the significant achievements of the Company's research and development effort have been the satellite PCC plant concept, AT<sup>®</sup> PCC, advanced OPACARB<sup>®</sup> PCC crystal morphologies for paper coating, the MAG-O-STAR<sup>®</sup> family of refractory spray coatings, OPTISHOT<sup>™</sup> shotcrete refractory products, SEQUAD<sup>®</sup> sprayer, MINSCAN<sup>™</sup> and SCANTROL<sup>™</sup> application systems.

The Company's research and development efforts have also resulted in the invention of SYNSIL<sup>®</sup> Products, a family of composite mineral products for the glass industry.

For the years ended December 31, 2004, 2003 and 2001, the Company expended approximately \$29.0 million, \$25.1 million and \$22.7 million, respectively, on research and development. The Company's research and development spending for 2004 was approximately 3.1% of net sales.

The Company maintains its primary research facilities in Bethlehem and Easton, Pennsylvania. It also has research and development facilities in Finland, Ireland, Germany and Japan. Approximately 130 employees worldwide are engaged in research and development. In addition, the Company has access to some of the world's most advanced papermaking and paper coating pilot facilities.

#### **Patents and Trademarks**

The Company owns or has the right to use approximately 520 patents and approximately 700 trademarks related to its business. The Company believes that its rights under its existing patents, patent applications and trademarks are of value to its operations, but no one patent, application or trademark is material to the conduct of the Company's business as a whole.

#### **Insurance**

adequate for the operation of its business. There is no assurance that in the future the Company will be able to maintain the coverage currently in place or that the premiums therefore will not increase substantially.

### **Employees**

At December 31, 2004, the Company employed 2,484 persons, of whom 866 were employed outside of the United States.

### **Environmental, Health and Safety Matters**

The Company's operations are subject to federal, state, local and foreign laws and regulations relating to the environment and health and safety. Certain of the Company's operations involve and have involved the use and release of substances that are classified as toxic or hazardous within the meaning of these laws and regulations. Environmental operating permits are, or may be, required for certain of the Company's operations and such permits are subject to modification, renewal and revocation. The Company regularly monitors and reviews its operations, procedures and policies for compliance with these laws and regulations. The Company believes its operations are in substantial compliance with these laws and regulations and that there are no violations that would have a material effect on the Company. Despite these compliance efforts, some risk of environmental and other damage is inherent in the Company's operations, as it is with other companies engaged in similar businesses, and there can be no assurance that material violations will not occur in the future. The cost of compliance with these laws and regulations is not expected to have a material adverse effect on the Company. The Company has a right of indemnification for certain potential environmental, health and safety liabilities under agreements entered into between the Company and Pfizer Inc ("Pfizer") or Quigley Company, Inc., a wholly-owned subsidiary of Pfizer, in connection with the initial public offering of the Company in 1992. See "Certain Relationships and Related Transactions" in Item 13.

### **Available Information**

The Company maintains an internet website located at <http://www.mineralstech.com>. It makes its reports on Forms 10-K, 10-Q and 8-K, and amendments to those reports, as well as its Proxy Statement and filings under Section 16 of the Securities Exchange Act of 1934, available free of charge through the Investor Relations page of its website, as soon as reasonably practicable after they are filed with the SEC. Investors may access these reports through the Company's website by navigating to "Investor Relations" and then to "SEC Filings."

### **Cautionary Factors That May Affect Future Results**

The disclosure and analysis set forth in this report contains certain forward-looking statements, particularly statements relating to future actions, future performance or result of current and anticipated products, sales efforts, expenditures, and financial results. From time to time, the Company also provides forward-looking statements in other publicly-released materials, both written and oral. Forward-looking statements provide current expectations and forecasts of future events such as new products, revenues and financial performance, and are not limited to describing historical or current facts. They can be identified by the use of words such as "expects," "plans," "anticipates," and other words and phrases of similar meaning.

Forward-looking statements are necessarily based on assumptions, estimates and limited information available at the time they are made. A broad variety of risks and uncertainties, both known and unknown, as well as the inaccuracy of assumptions and estimates, can affect the realization of the expectations or forecasts in these statements. Consequently, no forward-looking statement can be guaranteed. Actual future results may vary materially.

The Company undertakes no obligation to update any forward-looking statements. Investors should refer to the Company's subsequent filings under the Securities Exchange Act of 1934 for further disclosures.

As permitted by the Private Securities Litigation Reform Act of 1995, the Company is providing the following cautionary statements which identify factors that could cause the Company's actual results to differ materially from historical and expected results. It is not possible to foresee or identify all such factors. Investors should not consider this list an exhaustive statement of all risks, uncertainties and potentially inaccurate assumptions.

#### ***Historical Growth Rate***

- Continuation of the historical growth rate of the Company depends upon a number of uncertain events, including the outcome of the Company's strategies of increasing its penetration into geographic markets such as Asia and Europe; increasing its penetration into product markets such as the market for paper coating pigments and the market for groundwood paper pigments; increasing sales to existing PCC customers by increasing the amount of PCC used per ton of paper produced; and developing, introducing and selling new products and acquisitions. Difficulties, delays or failure of any of these strategies could cause the future growth rate of the Company to differ materially from its historical growth rate.

#### • ***Contract Renewals***

The Company's sales of PCC are predominantly pursuant to long-term agreements, generally ten years in length, with paper mills at which the Company operates satellite PCC plants. The terms of many of these agreements have been extended, often in connection with an expansion of the satellite plant. Failure of a number of the Company's customers to renew existing agreements on terms as favorable to the Company as those currently in effect could cause the future growth rate of the Company to differ materially from its historical growth rate, could have a substantial adverse effect on the Company's results of operations, and could also result in impairment of the assets associated with the PCC plant.

#### • ***Consolidation in Customer Industries, Principally Paper and Steel***

Several consolidations in the paper industry have taken place in recent years. These consolidations could result in partial or total closure of some paper mills at which the Company operates PCC satellites. Such closures would reduce the Company's sales of PCC, except to the extent that they resulted in shifting paper production and associated purchases of PCC to another location served by the Company. There can be no assurance, however, that this will occur. In addition, such consolidations concentrate purchasing power in the hands of a smaller number of papermakers, enabling them to increase pressure on suppliers, such as the Company. This increased pressure could have an adverse effect on the Company's results of operations in the future.

#### • ***Litigation; Environmental Exposures***

The Company's operations are subject to international, federal, state and local governmental, tax and other laws and regulations, and potentially to claims for various legal, environmental and tax matters. The Company is currently a party to various litigation matters. While the Company carries liability insurance which it believes to be appropriate to its businesses, and has provided reserves for such matters which it believes to be adequate, an unanticipated liability arising out of such a litigation matter or a tax or environmental proceeding could have a material adverse effect on the Company.

In addition, future events, such as changes in or modifications or interpretations of existing laws and regulations or enforcement policies or further investigation or evaluation of the potential health hazards of certain products may give rise to additional compliance and other costs that could have a material adverse effect on the Company.

#### • ***New Products***

The Company is engaged in a continuous effort to develop new products and processes in all of its product lines. Difficulties, delays or failures in the development, testing, production, marketing or sale of such new products could cause actual results of operations to differ materially from our expected results.

- **Competition; Protection of Intellectual Property**

Particularly in its PCC and Refractory product lines, the Company's ability to compete is based in part upon proprietary knowledge, both patented and unpatented. The Company's ability to achieve anticipated results depends in part on its ability to defend its intellectual property against inappropriate disclosure as well as against infringement. In addition, development by the Company's competitors of new products or technologies that are more effective or less expensive than those the Company offers could have a material adverse effect on the Company's financial condition or results of operations.

- **Risks of Doing Business Abroad**

As the Company expands its operations overseas, it faces the increased risks of doing business abroad, including inflation, fluctuation in interest rates and currency exchange rates, changes in applicable laws and regulatory requirements, export and import restrictions, tariffs, nationalization, expropriation, limits on repatriation of funds, civil unrest, terrorism, unstable governments and legal systems, and other factors. Adverse developments in any of these areas could cause actual results to differ materially from historical and expected results.

- **Availability of Raw Materials**

The Company's ability to achieve anticipated results depends in part on having an adequate supply of raw materials for its manufacturing operations, particularly lime and carbon dioxide for the PCC product line, magnesia for Refractory operations and talc ore for the Processed Minerals product line, and on having adequate access to the ore reserves at its mining operations. Unanticipated changes in the costs or availability of such raw materials, or in the Company's ability to have access to its ore reserves, could adversely affect the Company's results of operations.

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- **Cyclical Nature of Customers' Businesses**

The majority of the Company's sales are to customers in two industries, paper manufacturing and steel manufacturing, which have historically been cyclical. The Company's exposure to variations in its customers' businesses has been reduced in recent years by the growth in the number of plants its operates; by the diversification of its portfolio of products and services; and by its geographic expansion. Also, the Company has structured some of its long-term satellite PCC contracts to provide a degree of protection against declines in the quantity of product purchased, since the price per ton of PCC generally rises as the number of tons purchased declines. In addition, many of the Company's product lines lower its customers' costs of production or increases their productivity, which should encourage them to use its products. However, a sustained economic downturn in one or more of the industries or geographic regions that the Company serves, or in the worldwide economy, could cause actual results of operations to differ materially from historical and expected results.

## Item 2. Properties

Set forth below is the location of, and the main customer served by, each of the Company's 55 satellite PCC plants at December 31, 2004. Generally, the land on which each satellite PCC plant is located is leased at a nominal amount by the Company from the host paper mill pursuant to a lease, the term of which runs concurrently with the term of the PCC production and sale agreement between the Company and the host paper mill.

### Location

Alabama, Courtland  
 Alabama, Jackson  
 Alabama, Selma  
 Arkansas, Ashdown  
 Brazil, Jacarei  
 Brazil, Luiz Antonio  
 Brazil, Mucuri  
 Brazil, Suzano  
 Canada, Cornwall, Ontario  
 Canada, Dryden, Ontario  
 Canada, St. Jerome, Quebec  
 Canada, Windsor, Quebec  
 China, Dagang<sup>1</sup>  
 China, Zhenjiang<sup>1</sup>  
 China, Suzhou<sup>1</sup>  
 Finland, Aankoski<sup>1</sup>  
 Finland, Anjalankoski<sup>1</sup>  
 Finland, Lappeenranta<sup>1,2</sup>  
 Finland, Tervakoski<sup>1</sup>  
 Florida, Pensacola  
 France, Alizay  
 France, Docelles  
 France, Saillat Sur Vienne  
 Germany, Schongau  
 Indonesia, Perawang<sup>1</sup>  
 Israel, Hadera  
 Japan, Shiraoi<sup>1</sup>  
 Kentucky, Wickliffe  
 Louisiana, Port Hudson  
 Maine, Jay  
 Maine, Madison  
 Maine, Millinocket  
 Malaysia, Sipitang  
 Mexico, Chihuahua  
 Michigan, Quinnesec  
 Minnesota, Cloquet  
 Minnesota, International Falls  
 New York, Ticonderoga  
 North Carolina, Plymouth  
 Ohio, Chillicothe

### Principal Customer

International Paper Company  
 Boise Cascade Corporation  
 International Paper Company  
 Domtar Inc.  
 Votorantim Celulose e Papel  
 Votorantim Celulose e Papel  
 Bahia Sul Celulose S.A.  
 Cia Suzano de Papel e Celulose  
 Domtar Inc.  
 Weyerhaeuser Canada Inc.  
 Cascades Fine Papers Group Inc.  
 Domtar Inc.  
 Gold East Paper (Jiangsu)  
 Gold East Paper (Jiangsu)  
 Gold Huasheng Paper  
 M-real Corporation  
 Myllykoski Paper Oy  
 Customer Development  
 Trierenberg Holding  
 International Paper Company  
 M-real Corporation  
 UPM Corporation  
 Ausdat Rey (a subsidiary of International Paper Company)  
 UPM Corporation  
 PT Indah Kiat Pulp and Paper Corporation  
 American Israeli Paper Mills, Ltd.  
 Nippon Paper Manufacturing Company Ltd.  
 MeadWestvaco Corporation  
 Georgia-Pacific Corporation  
 International Paper Company  
 Madison Paper Industries  
 Katahdin Paper Company  
 Sabah Forest Industries  
 Corporation Copamex, S.A. de C.V.  
 International Paper Company  
 Sappi Ltd.  
 Boise Cascade Corporation  
 International Paper Company  
 Weyerhaeuser Company  
 MeadWestvaco Corporation

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**Location**

Ohio, West Carrollton  
 Poland, Kwidzyn  
 Portugal, Figueira da Foz<sup>1</sup>  
 Slovakia, Ruzomberok  
 South Carolina, Eastover  
 South Africa, Merebank<sup>1</sup>  
 Texas, Pasadena  
 Thailand, Tha Toom<sup>1</sup>  
 Virginia, Franklin  
 Washington, Camas  
 Washington, Longview  
 Washington, Wallula  
 Wisconsin, Kimberly  
 Wisconsin, Park Falls  
 Wisconsin, Wisconsin Rapids

**Principal Customer**

Appleton Papers Inc.  
 International Paper - Kwidzyn, S.A.  
 Soporcel - Sociedade Portuguesa de Papel, S.A.  
 Severoslovenske Celulozky a Papieme a.s.  
 International Paper Company  
 Mondi Paper Company Ltd.  
 Pasadena Paper Company LP  
 Advance Agro Public Co. Ltd.  
 International Paper Company  
 Georgia Pacific Corporation  
 Weyerhaeuser Company  
 Boise Cascade Corporation  
 Stora Enso North America Corp.  
 Fraser Paper Inc.  
 Stora Enso North America Corp.

<sup>1</sup>These plants are owned through joint ventures.

<sup>2</sup>This PCC plant is not located on-site at the paper mill.

The Company also owned at December 31, 2004 12 plants engaged in the mining, processing and/or production of lime, limestone, precipitated calcium carbonate, talc and *SYNSIL*® products and owned or leased approximately 19 refractory manufacturing facilities worldwide. The Company's corporate headquarters, sales offices, research laboratories, plants and other facilities are owned by the Company except as otherwise noted. Set forth below is certain information relating to the Company's plants and office and research facilities.

<b><u>Location</u></b>	<b><u>Facility</u></b>	<b><u>Product Line</u></b>
<b>United States</b>		
Arizona, Pima County	Plant; Quarry <sup>1</sup>	Limestone
California, Lucerne Valley	Plant; Quarry	Limestone
Connecticut, Canaan	Plant; Quarry	Limestone, Metallurgical Wire/Calcium
Indiana, Mt. Vernon	Plant	Talc/Limestone
Indiana, Portage	Plant	Monolithic Refractories
Louisiana, Baton Rouge	Plant	Monolithic Refractories
Massachusetts, Adams	Plant; Quarry	Limestone, Lime PCC
Mississippi, Brookhaven	Plant	PCC
Montana, Dillon	Plant; Quarry	Talc
New Jersey, Old Bridge	Plant	Monolithic Refractories
New York, New York	Headquarters <sup>2</sup> , Sales Offices <sup>2</sup>	All Company Products
Ohio, Bryan	Plant	Monolithic Refractories
Ohio, Dover	Plant	Refractories
Ohio, Wellsville	Plant <sup>2</sup>	Talc/Limestone
Ohio, Woodville	Plant <sup>2</sup>	<i>SYNSIL</i> ® Products
Pennsylvania, Bethlehem	Research laboratories; Sales Offices	PCC, Lime, Limestone, Talc
Pennsylvania, Easton	Research Laboratories; Plant	All Company Products
Pennsylvania, Slippery Rock	Plant	Refractory Shapes/Monolithic Refractories
<b>International</b>		
Australia, Carlingford	Sales Office <sup>2</sup>	Monolithic Refractories
Belgium, Brussels	Sales Office <sup>2</sup>	Monolithic Refractories/PCC
Belgium, Hermalle-sous-Huy	Plant	PCC
Brazil, Belo Horizonte	Sales Office <sup>2</sup>	Monolithic Refractories
Brazil, Sao Palacio	Sales Office <sup>2</sup>	PCC
Brazil, Volta Redonda	Sales Office <sup>2</sup>	Monolithic Refractories
China, Huzhou	Plant <sup>3</sup>	Monolithic Refractories
China, Suzhou	Plant	Monolithic Refractories
Finland, Kaarina	Research Laboratory	PCC
Germany, Duisburg	Sales Office <sup>2</sup>	Monolithic Refractories
Germany, Moers	Plant	Laser Scanning Instrumentation/Probes
Germany, Walsum	Plant	PCC



<u>Location</u>	<u>Facility</u>	<u>Product Line</u>
Ireland, Cork	Plant; Administrative Office <sup>2</sup>	Monolithic Refractories
Italy, Brescia	Sales Office; Plant	Monolithic Refractories/Shapes
Japan, Gamagori	Plant	Monolithic Refractories/Shapes, Calcium
Mexico, Gomez Palacio	Plant <sup>2</sup>	Monolithic Refractories
Singapore	Sales Office <sup>2</sup>	PCC
Spain, Santander	Sales Office <sup>2</sup>	Monolithic Refractories
South Africa, Pietermaritzburg	Plant	Monolithic Refractories
South Korea, Seoul	Sales Office <sup>2</sup>	Monolithic Refractories
South Korea, Yangsan	Plant <sup>4</sup>	Monolithic Refractories
United Kingdom, Lifford	Plant	PCC, Lime
United Kingdom, Rotherham	Plant	Monolithic Refractories/Shapes

<sup>1</sup> This plant is leased to another company.

<sup>2</sup> Leased by the Company. The facilities in Cork, Ireland are operated pursuant to a 99-year lease, the term of which commenced in 1963. The Company's headquarters and sales offices in New York, New York are held under a lease which expires in 2010.

<sup>3</sup> This plant is leased through a joint venture.

<sup>4</sup> This plant is owned through a joint venture.

The Company believes that its facilities, which are of varying ages and are of different construction types, have been satisfactorily maintained, are in good condition, are suitable for the Company's operations and generally provide sufficient capacity to meet the Company's production requirements. Based on past loss experience, the Company believes it is adequately insured with respect to these assets, and for liabilities which are likely to arise from its operations.

### Item 3. Legal Proceedings

On June 15, 2004, the Company filed suit against Switzerland-based Omya AG for patent infringement seeking injunctive relief and damages in the United States District Court for the Southern District of New York. The suit alleges that Omya and its subsidiaries have infringed, are inducing the infringement of, or are contributing to the infringement of two patents held by the Company covering the use of calcium carbonate in the manufacture of acidic paper. The Company's technology is commonly referred to as acid tolerant technology and is commercialized by its wholly-owned subsidiary, Specialty Minerals Inc., through its AT<sup>®</sup> precipitated calcium carbonate. Minerals Technologies argues that its business has been, and continues to be, damaged by this alleged infringement.

On December 30, 2004 and January 4, 2005, two subsidiaries of OMYA AG filed a lawsuit against the Company in the Specialized Section for Industrial Law of the Court of Turin in Turin, Italy, seeking a declaratory judgment that they have not committed acts of unfair competition against the Company and that two of the Company's European patents are invalid and not infringed by certain OMYA calcium carbonate products. One of the two European patents in this case is the counterpart of the two United States patents at issue in the Company's June 15, 2004 suit described above. This matter currently is in a preliminary stage.

As previously reported, certain of the Company's subsidiaries are among numerous defendants in a number of cases seeking damages for exposure to silica or to asbestos containing materials. Most of these claims do not provide adequate information to assess their merits, the likelihood that the Company will be found liable, or the magnitude of such liability if any. Additional claims of this nature may be made against the Company or its subsidiaries. At this time management anticipates that the amount of the Company's liability, if any, and the cost of defending such claims, will not have a material effect on its financial position or results of operations.

#### Environmental Matters

As previously reported, on April 9, 2003, the Connecticut Department of Environmental Protection ("DEP") issued an administrative consent order relating to our Canaan, Connecticut plant where both our Refractories segment and Specialty Minerals segment have operations. We agreed to the order which includes provisions requiring investigation and remediation of contamination associated with historic use of polychlorinated biphenyls (PCBs) at a portion of the site. The following is the present status of the remediation efforts:

- **Building Decontamination.** We have completed the investigation of building contamination and submitted a report characterizing the contamination. We are awaiting review and approval of this report by the regulators. Based on the results of this investigation, we believe that the contamination may be adequately addressed by means of encapsulation through painting of exposed surfaces, pursuant to EPA's regulations and have accrued such liabilities as discussed below. However, this conclusion remains uncertain pending completion of the phased remediation decision process required by the regulations.

- **Groundwater.** We are still conducting investigations of potential groundwater contamination. To date, the results of investigation indicate that there is some oil contamination of the groundwater. We are conducting further investigations of the groundwater.
- **Soil.** We have completed the investigation of soil contamination and submitted a report characterizing contamination to the regulators. Based on the results of this investigation, we believe that the contamination may be left in place and monitored, pursuant to a site-specific risk assessment, which is underway. However, this conclusion is subject to completion of a phased remediation decision process required by applicable regulations.

We believe that the most likely form of remediation will be to leave existing contamination in place, encapsulate it, and monitor the effectiveness of the encapsulation.

We estimate that the cost of the likely remediation above would approximate \$200,000 and that amount has been recorded as a liability on our books and records.

The Company is evaluating options for upgrading the wastewater treatment facilities at its Adams, Massachusetts, plant. This work is being undertaken pursuant to an administrative consent order issued by the Massachusetts Department of Environmental Protection on June 18, 2002. The order required payment of a civil fine in the amount of eighteen thousand five hundred dollars (\$18,500), the investigation of options for ensuring that the facility's wastewater treatment ponds will not result in discharge to groundwater, and closure of a historic lime solids disposal area. The Company is committed to identifying appropriate improvements to the wastewater treatment system by 2007, and to implementing the improvements by June 1, 2012. Preliminary engineering reviews indicate that the estimated cost of these upgrades to operate this facility beyond 2012 may be between \$6 million to \$8 million. The Company estimates that remediation costs would approximate \$100,000, which has been accrued as of December 31, 2004

The Company and its subsidiaries are not party to any other material pending legal proceedings, other than routine litigation incidental to their businesses.

#### Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter 2004.

### PART II

#### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Securities

The Company's common stock is traded on the New Stock Exchange under the symbol "MTX."

Information on market prices and dividends is set forth below:

<u>2004 Quarters</u>	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>
Market Price Range Per Share of Common Stock				
High	\$ 60.20	\$ 61.00	\$ 58.00	\$ 67.67
Low	51.56	54.59	53.60	56.67
Close	56.18	57.80	57.42	66.70
Dividends paid per common share	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05

<u>2003 Quarters</u>	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>
Market Price Range Per Share of Common Stock				
High	\$ 44.25	\$ 50.20	\$ 53.15	\$ 60.75
Low	35.45	37.57	47.09	50.90
Close	37.79	48.14	51.44	59.25
Dividends paid per common share	\$ 0.025	\$ 0.025	\$ 0.025	\$ 0.025

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#### Equity Compensation Plan Information

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options</u>	<u>Weighted average exercise price of outstanding options</u>	<u>Number of securities remaining available for future issuance</u>
Equity compensation plans approved by security holders	1,368,218	\$43.87	917,085
Equity compensation plans not approved by security holders	--	--	--
Total	<u>1,368,218</u>	<u>\$43.87</u>	<u>917,085</u>

#### Issuer Purchases of Equity Securities

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of the Program</u>	<u>Dollar Value of Shares That May Yet be Purchased Under the Program</u>
September 25 - October 24	100	\$ 56.08		
October 25 - November 21	3,700	\$ 59.98		
November 22 - December 31	--	--		
Total	<u>3,800</u>	<u>\$ 59.88</u>	<u>293,100</u>	<u>\$ 58,775,119</u>

On February 22, 2001, the Company's Board of Directors authorized the Company's Management Committee, at its discretion, to repurchase up to \$25 million in additional shares per year over the next three-year period. As of December 31, 2004, the Company had repurchased approximately 619,500 shares under this program at an average price of approximately \$40 per share. No shares were repurchased in 2004 under this program.

On October 23, 2003, the Company's Board of Directors authorized the Company's Management Committee, at its discretion, to repurchase up to \$75 million in additional shares over the next three-year period. As of December 31, 2004, the Company had purchased 293,100 shares under this program at an average price of approximately \$55 per share.

On January 26, 2005, the Company's Board of Directors declared a regular quarterly dividend on its common stock of \$0.05 per share. No dividend will be payable unless declared by the Board and unless funds are legally available for payment thereof.

**Item 6. Selected Financial Data**

**Thousands, Except Per Share Data**

<b>Income Statement Data:</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
Net sales	\$ 923,667	\$ 813,743	\$ 752,680	\$ 684,419	\$ 670,917
Cost of goods sold	709,032	615,749	567,985	502,525	477,512
Marketing and administrative expenses	92,844	83,809	74,160	70,495	71,404
Research and development expenses	28,996	25,149	22,697	23,509	26,331
Bad debt expenses	1,576	5,307	6,214	3,930	5,964
Restructuring charges	1,145	3,323	--	3,403	--
Acquisition termination costs	997	--	--	--	--
Write-down of impaired assets	--	3,202	750	--	4,900
Income from operations	<u>89,077</u>	<u>77,204</u>	<u>80,874</u>	<u>80,557</u>	<u>84,806</u>
Income before provision for taxes on income and minority interests	84,572	72,344	75,734	72,670	79,772
Provision for taxes on income	24,299	19,116	20,220	21,148	23,735
Minority interests	1,710	1,575	1,762	1,729	1,829
Income before cumulative effect of accounting change	<u>58,563</u>	<u>51,653</u>	<u>53,752</u>	<u>49,793</u>	<u>54,208</u>
Cumulative effect of accounting change	<u>--</u>	<u>3,433</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net income	<u>\$ 58,563</u>	<u>\$ 48,220</u>	<u>\$ 53,752</u>	<u>\$ 49,793</u>	<u>\$ 54,208</u>

<b>Earnings Per Share</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
Basic:					
Before cumulative effect of accounting change	\$ 2.85	\$ 2.56	\$ 2.66	\$ 2.54	\$ 2.65
Cumulative effect of accounting change	<u>--</u>	<u>(0.17)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Basic earnings per share	<u>\$ 2.85</u>	<u>\$ 2.39</u>	<u>\$ 2.66</u>	<u>\$ 2.54</u>	<u>\$ 2.65</u>
Diluted:					
Before cumulative effect of accounting change	\$ 2.82	\$ 2.53	\$ 2.61	\$ 2.48	\$ 2.58
Cumulative effect of accounting change	<u>--</u>	<u>(0.17)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Basic earnings per share	<u>\$ 2.82</u>	<u>\$ 2.36</u>	<u>\$ 2.61</u>	<u>\$ 2.48</u>	<u>\$ 2.58</u>
Weighted average number of common shares outstanding:					
Basic	20,530	20,208	20,199	19,630	20,479
Diluted	20,769	20,431	20,569	20,063	21,004
Dividends declared per common share	\$ 0.20	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10

**Balance Sheet Data:**

Working capital	\$ 242,818	\$ 216,795	\$ 167,028	\$ 86,261	\$ 81,830
Total assets	1,154,902	1,035,690	899,877	847,810	799,832
Long-term debt	94,811	98,159	89,020	88,097	89,857
Total debt	128,728	131,681	120,351	160,031	138,727
Total shareholders' equity	799,313	707,381	594,157	507,819	483,639

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Income and Expense Items as a Percentage of Net Sales**

<b>Year Ended December 31,</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	76.8	75.7	75.5
Marketing and administrative expenses	10.1	10.3	9.9
Research and development expenses	3.1	3.1	3.0
Bad debt expenses	0.2	0.6	0.8
Restructuring charges	0.1	0.4	--
Acquisition termination costs	0.1	--	--
Write-down of impaired assets	<u>--</u>	<u>0.4</u>	<u>0.1</u>
Income from operations	9.6	9.5	10.7

Income before provision for taxes on income			
and minority interests	9.1	8.9	10.0
Provision for taxes on income	2.6	2.4	2.7
Minority interests	0.2	0.2	0.2
Income before cumulative effect of accounting change	6.3	6.3	7.1
Cumulative effect of accounting change	--	0.4	--
Net income	6.3%	5.9%	7.1%

## Executive Summary

At Minerals Technologies, over 80% of our sales are to customers in two industries: papermaking and steelmaking. The adverse economic environment of the past several years has had severe effects on the paper industry, by far our largest customer group, as paper mills have closed or taken significant downtime and the industry has consolidated. The effect on the steel industry has been even more dramatic, with several large steel makers declaring bankruptcy. Although the overall economy began to improve in late 2003 and early 2004, the paper and steel industries had been slow to participate in the recovery, while maintaining pricing pressure on their suppliers. For most of 2004, we experienced improved conditions, particularly in the steel industry and construction industry in North America. As a result, we reflected an improved performance in 2004 in both segments.

Our net sales grew 14% over the prior year from \$813.7 million to \$923.7 million. Foreign exchange had a favorable impact on sales of approximately 3.5 percentage points of growth. Operating income grew 15% to \$89.1 million from \$77.2 million in the prior year. Net income grew 22% to \$58.6 million from \$48.2 million in 2003.

The comparison of our operating income and net income in the past three years has been affected by a number of factors:

- In 2002, we recorded an impairment charge of \$0.8 million related to a satellite PCC plant at a paper mill which was permanently shut down;
- We adopted SFAS No. 143, "Accounting for Asset Retirement Obligations," in the first quarter of 2003, which resulted in a charge to earnings of about \$3.4 million, net of tax and annual ongoing costs of approximately \$0.04 per share;
- In the fourth quarter of 2003, we recorded charges relating to reduction of approximately 3% in our worldwide workforce; the planned closure of the facility at River Rouge, Michigan, which we acquired in 2001 as part of the refractory business of Martin Marietta Materials; and the retirement of some SYNSIL<sup>®</sup> Products manufacturing assets, which had been made obsolete by improvements in the production process. The total effect was to reduce pretax income by about \$6.5 million.
- We recorded additional restructuring costs of \$1.1 million in 2004 in relation to the workforce reduction program that began in the fourth quarter of 2003.
- We recognized a \$1.0 million pre-tax corporate charge in the fourth quarter of 2004 related to due diligence for a terminated acquisition effort.

We face some significant risks and challenges in the future:

- Our success depends in part on the performance of the industries we serve, particularly papermaking and steelmaking. Some of our customers may continue to face a difficult business environment, and may experience further shutdowns.
- The recent wave of consolidations in the paper and steel industries concentrates purchasing power in the hands of fewer customers, increasing pricing pressure on suppliers such as MTI;
- Most of our PCC sales are under long-term contracts with paper companies at whose mills we operate satellite PCC plants; when they reach their expiration dates these contracts may not be renewed, or may be renewed on terms less favorable to us;

- The cost of employee benefits, particularly health insurance, has risen significantly in recent years and continues to do so;
- We are experiencing increased cost of magnesia and talc imported from China, including higher shipping costs and higher other raw material costs in both segments;
- We are also experiencing increased energy costs in both our business segments;
- Although the SYNSIL<sup>®</sup> products family has received favorable reactions from potential customers and we have signed two supply contracts, this product line is not yet profitable and its commercial viability cannot be assured; and
- As we expand our operations abroad we face the inherent risks of doing business in many foreign countries, including foreign exchange risk, import and export restrictions, and security concerns.

Despite these difficulties, we are optimistic about the opportunities for continued growth that are open to us, including:

- Increasing our sales PCC for paper by further penetration of the markets for paper filling at both free sheet and groundwood mills;
- Increasing our sales of PCC for paper coating, particularly from the coating PCC facility in Walsum, Germany;
- Continuing research and development activities for new products, in particular our joint project with International Paper to develop and implement a filler-fiber composite technology;
- Achieving market acceptance of the SYNSIL<sup>®</sup> Products' family of composite minerals for the glass industry;
- Continuing our penetration in both business segments into China, including the start-up of two four-unit satellite PCC plants through our joint venture with Asia Pulp & Paper (China) Pte. Ltd. ("APP China"), and our new facility for the Refractories segment;
- Increase market penetration in the Refractories segment through higher value specialty products and application systems.

However, there can be no assurance that we will achieve success in implementing any one or more of these opportunities.

## Results of Operations

### Sales (Dollars in millions)

Net Sales	2004	% of Total Sales	Growth	2003	% of Total Sales	Growth	2002	% of Total Sales
U.S.	\$ 558.2	60.4 %	11.7 %	\$ 499.9	61.4 %	3.7 %	\$ 482.2	64.1 %
International	\$ 365.5	39.6 %	16.5 %	\$ 313.8	38.6 %	16.0 %	\$ 270.5	35.9 %
Paper PCC	\$ 434.0	47.0 %	11.4 %	\$ 389.6	47.9 %	3.6 %	\$ 376.0	50.0 %
Specialty PCC	50.7	5.5 %	9.0 %	46.5	5.7 %	(1.1) %	47.0	6.2 %
PCC Products	\$ 484.7	52.5 %	11.1 %	\$ 436.1	53.6 %	3.1 %	\$ 423.0	56.2 %
Talc	\$ 51.6	5.6 %	19.4 %	\$ 43.2	5.3 %	42.6 %	\$ 30.3	4.0 %
Other Processed Minerals	87.1	9.4 %	12.0 %	77.8	9.6 %	16.5 %	66.8	8.9 %
Processed Minerals Products	\$ 138.7	15.0 %	14.6 %	\$ 121.0	14.9 %	24.6 %	\$ 97.1	12.9 %
Specialty Minerals Segment	\$ 623.4	67.5 %	11.9 %	\$ 557.1	68.5 %	7.1 %	\$ 520.1	69.1 %

Refractory Products	\$ 243.0	26.3 %	15.9 %	\$ 209.7	25.8 %	10.5 %	\$ 189.8	25.2 %
Metallurgical Products	57.3	6.2 %	22.2 %	46.9	5.8 %	9.6 %	42.8	5.7 %
Refractories Segment	\$ 300.3	32.5 %	17.0 %	\$ 256.6	31.5 %	10.3 %	\$ 232.6	30.9 %
Net Sales	\$ 923.7	100.0 %	13.5 %	\$ 813.7	100.0 %	8.1 %	\$ 752.7	100.0 %

Worldwide net sales in 2004 increased 14% from the previous year to \$923.7 million. Foreign exchange had a favorable impact on sales of approximately \$28.2 million or 3 percentage points of growth. Sales in the Specialty Minerals segment, which includes the PCC and Processed Minerals product lines, increased 12% to \$623.4 million compared with \$557.1 million for the same period in 2003. Sales in the Refractories segment grew 17% over the previous year to \$300.3 million. In 2003, worldwide net sales increased 8% to \$813.7 million from \$752.7 million in the prior year. Specialty Minerals segment sales increased approximately 7% and Refractories segment sales increased approximately 10% in 2003.

Worldwide net sales of PCC, which is primarily used in the manufacturing process of the paper industry, increased 11% to \$484.7 million from \$436.1 million in the prior year. Worldwide net sales of Paper PCC increased 11% to \$434.0 million from \$389.6 million in the prior year. Paper PCC volumes grew 7% for the full year with volumes in excess of 3.7 million tons. In 2004, worldwide printing and writing paper production increased 5.3% over 2003, and demand for uncoated freesheet, our largest market for PCC, increased slightly in 2004. Sales growth was achieved in all regions. Excluding the effect of foreign currency, European sales grew 12%. This was due to an overall increase in production of printing and writing papers in that region. Asia reported 10% growth,

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excluding the effect of foreign currency, primarily due to our new satellite facility in Malaysia. North America also performed strongly with 6% growth aided by the restart of our Millinocket, Maine, satellite facility which has been idle since December 2002. Sales of Specialty PCC grew 9% to \$50.7 million from \$46.5 million in 2003. This growth was primarily attributable to improved volumes, especially in automotive and consumer applications. PCC sales in 2003 increased 3% to \$436.1 million from \$423.0 million in the prior year. In 2003, United States printing and writing paper shipments were down 2.8 percent, and demand for uncoated freesheet, our largest market for PCC was down 1 percent, compared with 2002. Sales of PCC for paper were adversely affected by these decreases in production. The implementation of the International Paper agreements also had a negative impact on sales. However, the favorable effect of foreign exchange more than offset these factors.

Net sales of Processed Minerals products in 2004 increased 15% to \$138.7 million from \$121.0 million in 2003. The growth in this product line was attributed to the continued strength of the residential construction market and the Company's increased penetration in the building products and plastics industries. Processed Minerals net sales in 2003 increased 24.6% to \$121.0 million from \$97.1 million in 2002. This increase was primarily attributable to the acquisition of Polar Minerals Inc. Full year sales in 2003, excluding Polar Minerals increased approximately 9% due to strong demand from the residential construction-related industries and from new polymer and health-care applications for our talc products.

Net sales in the Refractories segment in 2004 increased 17% to \$300.3 million from \$256.6 million in the prior year. The favorable impact of foreign exchange was approximately 5 percentage points of the sales growth. This underlying growth was primarily attributable to both improved performance and better steel industry conditions in North America, our largest market, where sales grew 25% over the prior year. Steel production in the United States increased 5.2% in 2004. Net sales in the Refractories segment in 2003 increased 10.3% to \$256.6 million from \$232.6 million in the prior year. The increase in sales for the Refractories segment in 2003 was primarily attributable to increased sales of equipment and application systems in Europe, and the favorable impact of foreign exchange.

Net sales in the United States was \$558.2 million in 2004, approximately 12% higher than in the prior year. International sales in 2004 increased 17%. Foreign exchange had a 3% impact on sales growth. In 2003, domestic net sales were 4% higher than the prior year and international sales were 16% greater than in the prior year primarily due to the impact of foreign exchange.

#### Operating Costs and Expenses (Dollars in millions)

	2004	Growth	2003	Growth	2002
Cost of goods sold	\$ 709.0	15.2 %	\$ 615.7	8.4 %	\$ 568.0
Marketing and administrative	\$ 92.8	10.7 %	\$ 83.8	12.9 %	\$ 74.2
Research and development	\$ 29.0	15.5 %	\$ 25.1	10.6 %	\$ 22.7
Bad debt expenses	\$ 1.6	(69.8 %)	\$ 5.3	(14.5 %)	\$ 6.2
Acquisition termination costs	\$ 1.0	*	\$ --	*	\$ --
Restructuring charges	\$ 1.1	(66.7 %)	\$ 3.3	*	\$ --
Write-down of impaired assets	\$ --	*	\$ 3.2	*	\$ 0.8

\* Percentage not meaningful

Cost of goods sold in 2004 was 76.8% of sales compared with 75.7% in the prior year. Our cost of goods sold grew 15% which had an unfavorable leveraging impact on our sales growth resulting in an 8% increase in production margin. This unfavorable leveraging occurred in both reporting segments. In the Specialty Minerals segment, production margins were affected by higher raw material costs, energy costs and start-up costs for our new plant in Walsum, Germany. In the Refractories segment, the production margin was impacted by the higher cost of magnesia and other raw materials and increased energy costs.

In 2003, cost of goods sold was 75.7% of sales compared with 75.5% in 2002. Our production margin increased at approximately the same rate as sales. In the Specialty Minerals segment, production margins increased 2% despite a 7% sales growth. Margins in this segment were affected by the shutdown of the Millinocket satellite PCC plant, continuing development costs in the coating PCC program, the effect of the revisions to the IP contracts, and weakness in the Specialty PCC product line. In the Refractories segment, production margins increased 19%, almost double the sales growth. This was due to an improved product mix, increased product and equipment system sales, and improved manufacturing operations.

Marketing and administrative costs increased 11% in 2004 to \$92.8 million and represented 10.1% of net sales from 10.3% of net sales in 2003. Both segments increased marketing expenses to support worldwide business development efforts. The Company also experienced higher litigation costs to protect our intellectual property as well as higher corporate expenses associated with the Sarbanes-Oxley Section 404 implementation. In 2003, marketing and administrative costs increased 13% to \$83.8 million and increased to 10.3% of net sales from 9.9% of net sales in 2002.

Research and development expenses increased 16% to \$29.0 million and represented 3.1% of net sales due to increased product development activities in both segments, but particularly in the PCC product line as we continue our commitment to the filler-fibre

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composite mineral program and coating trial activities. In 2003, research and development expenses increased 10.6% and represented 3.1% of sales.

We recorded bad debt expenses of \$1.6 million and \$5.3 million in 2004 and 2003, respectively. In 2004, the provision for bad debt was net of recoveries of approximately \$2.3 million related to steel company bankruptcies, in which we had previously written off the related accounts receivable. In 2003, these charges were primarily related to additional provisions and associated with potential risks to our customers in the steel, paper and other industries and several customer bankruptcy filings.

In the fourth quarter of 2004, the Company recognized \$1.0 million in pre-tax corporate charges related to due diligence costs from a terminated acquisition effort.

During the fourth quarter of 2003, we restructured our operations to reduce operating costs and improve efficiency. This resulted in a 2003 restructuring charge of \$3.3 million. As part of this restructuring program, we recorded \$1.1 million in additional charges in 2004. The restructuring charges relate to workforce reductions from all business units throughout our worldwide

operations and the termination of certain leases.

During the fourth quarter of 2003, we recorded a write-down of impaired assets of \$3.2 million. The impairment charges were related to the closure of our operations in River Rouge, Michigan, in 2004 and the retirement of certain SYNSIL® Products' assets that have been made obsolete.

**Income from Operations**  
(Dollars in millions)

	<u>2004</u>	<u>Growth</u>	<u>2003</u>	<u>Growth</u>	<u>2002</u>
Income from operations	\$ 89.1	15.4%	\$ 77.2	(4.6%)	\$ 80.9

Income from operations in 2004 increased 15% to \$89.1 million from \$77.2 million in 2003. Income from operations was 9.6% of sales as compared with 9.5% of sales in 2003. Income from operations in 2003 decreased 4.6% to \$77.2 million from \$80.9 million in 2002. Income from operations decreased to 9.5% of sales as compared with 10.7% of sales in 2002. This decrease was primarily due to the aforementioned restructuring and impairment costs.

Income from operations for the Specialty Minerals segment increased 8% to \$59.7 million and was 9.6% of its net sales. Unfavorable leveraging to operating income for this segment was primarily due to the impact of higher raw material and energy costs, new plant start-up costs, and higher litigation and other expenses. Operating income for the Refractories segment increased 39% to \$30.4 million and was 10.1% of its net sales. The improvement in operating income was due to an improved product mix, increased equipment sales, and more efficient manufacturing operations.

In 2003, income from operations for the Specialty Minerals segment decreased 7.7% to \$55.4 million and was 9.9% of its net sales. The margins of this segment were affected by the IP agreement and the Millinocket temporary shutdown. Operating income for the Refractories segment increased 4.5% to \$21.8 million and was 8.5% of its net sales.

**Non-Operating Deductions**  
(Dollars in millions)

	<u>2004</u>	<u>Growth</u>	<u>2003</u>	<u>Growth</u>	<u>2002</u>
Non-operating deductions, net	\$ 4.5	(8.2%)	\$ 4.9	(3.9%)	\$ 5.1

Non-operating deductions decreased 7% from the prior year. This decrease was primarily due to lower interest expense.

**Provision for Taxes on Income**  
(Dollars in millions)

	<u>2004</u>	<u>Growth</u>	<u>2003</u>	<u>Growth</u>	<u>2002</u>
Provision for taxes on income	\$ 24.3	27.2%	\$ 19.1	(5.4%)	\$ 20.2

The effective tax rate increased to 28.7% in 2004 compared with 26.4% in 2003. The effective tax rate for 2003 was lower than 2004 primarily do to a contribution of intellectual property.

**Minority Interests**  
(Dollars in millions)

	<u>2004</u>	<u>Growth</u>	<u>2003</u>	<u>Growth</u>	<u>2002</u>
Minority interests	\$ 1.7	6.3%	\$ 1.6	(11.1%)	\$ 1.8

The consolidated joint ventures continue to operate profitably and at approximately the same level as prior years.

**Net Income**  
(Dollars in millions)

	<u>2004</u>	<u>Growth</u>	<u>2003</u>	<u>Growth</u>	<u>2002</u>
Net income	\$ 58.6	21.6%	\$ 48.2	(10.4%)	\$ 53.8

Income before the cumulative effect of an accounting change increased 13% to \$58.6 million from \$51.7 million in 2003. Diluted earnings per common share before the cumulative effect of the accounting change increased 11% to \$2.82 compared with \$2.53 in 2003.

Effective January 1, 2003, we adopted SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 establishes the financial accounting and reporting for obligations associated with the retirement of long-lived assets and the associated asset retirement costs. This statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset.

Upon adoption of SFAS No. 143, we recorded a non-cash, after-tax charge to earnings of approximately \$3.4 million for the cumulative effect of this accounting change related to retirement obligations associated with our PCC satellite facilities and mining properties, both within the Specialty Minerals segment.

Net income increased 22% in 2004 to \$58.6 million. Earnings per common share, on a diluted basis, increased 19% to \$2.82 in 2004 as compared with \$2.36 in the prior year.

**Outlook**

In 2004, after some years of difficulty, MTI experienced a favorable economic environment. Consumer confidence, retail spending and housing starts strengthened in 2004 and we saw an upward trend in the two major industries we serve - papermaking and steel. The global demand for printing and writing paper increased as did worldwide steel production. As a result, during 2004 we were able to significantly increase our sales growth. However, we continue to be affected by significantly higher raw material and energy costs.

In 2005, we plan to continue our focus on the following growth strategies:

- Expand regionally with the markets we serve.
- Increase market penetration of PCC in paper filling at both free sheet and groundwood mills.
- Increase penetration of PCC into the paper coating market.
- Emphasize higher value specialty products and application systems to increase market penetration in the Refractories segment.
- Continue research and development and marketing efforts for new and existing products, including market acceptance for the SYNSIL® Products' family of composite minerals.
- Continue to improve our cost competitiveness.
- Continue selective acquisitions to complement our existing businesses.

However, there can be no assurances that we will achieve success in implementing any one or more of these strategies.

The following are notable 2004 events that may impact our 2005 performance:

In 2004, we began the construction of two new PCC plants at two APP China Paper Mills in the Republic of China. They will be located at APP paper mills in Dagang and Suzhou. They are expected to be operational in the first half of 2005 and will add a total capacity of 8 units, or, approximately 250,000 tons of coating and filling PCC pigments.

In 2004, we completed construction and began commissioning of our merchant Paper Coating PCC facility in Walsum, Germany. In 2005, we expect sales volumes to increase, particularly in the second half of 2005.

In 2004 we had agreements to expand four of our existing satellite facilities. The ramp up of these facilities is expected to add approximately 6 units of additional capacity, with a unit of capacity representing between 25,000 to 35,000 tons. Also, we accelerated our efforts under the cooperative development and licensing agreement with IP to develop and commercialize filler-fiber composite materials which are capable of raising PCC filler levels.

After several years of SYNSIL<sup>®</sup> development, the Company sees the potential of this innovation to become a growing business for MTI.

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In 2004, the Refractories segment began construction of a 100,000 ton capacity refractory manufacturing facility in China. We expect this plant to come on line in the fourth quarter of 2005. It will allow this segment to effectively serve China, which has become one of the largest and fastest growing steel markets in the world.

As we continue to expand our operations overseas, we face the inherent risks of doing business abroad, including inflation, fluctuations in interest rates and currency exchange rates, changes in applicable laws and regulatory requirements, export and import restrictions, tariffs, nationalization, expropriation, limits on repatriation of funds, civil unrest, terrorism, unstable governments and legal systems and other factors. Some of our operations are located in areas that have experienced political or economic instability, including Indonesia, Israel, Brazil, Thailand, China and South Africa. In addition, our performance depends to some extent on that of the industries we serve, particularly the paper manufacturing, steel manufacturing, and construction industries.

Our sales of PCC are predominately pursuant to long-term contracts, initially ten years in length, with paper companies at whose mills we operate satellite PCC plants. The terms of many of these agreements have been extended, often in connection with an expansion of the satellite PCC plant. Failure of a number of our customers to renew existing agreements on terms as favorable to us as those currently in effect could cause our future growth rate to differ materially from our historical growth rate, and could also result in impairment of the assets associated with the PCC plant.

There are presently three satellite locations at which the initial term of the contract with the host mills have expired. We continue to supply PCC at both of these locations. We hope to reach agreement on a long-term extension of the contract; however, there can be no assurance that these negotiations will be successful.

We have a consolidated interest in four joint venture companies at paper mills owned by subsidiaries of Asia Pulp & Paper Company Ltd. ("APP") and APP China. APP is a multinational pulp and paper company whose current financial difficulties have been widely publicized. While APP is negotiating with its creditors, the facilities have remained in operation at levels consistent with the prior year. The mills are continuing to use our PCC and to satisfy their obligations to the joint ventures. However, there can be no assurance that our operations at these paper mills will not be adversely affected by APP's financial difficulties in the future. Our net investment in these satellite plants was approximately \$7.6 million at December 31, 2004.

#### Liquidity and Capital Resources

Cash flows in 2004 were provided from operations and proceeds from stock option exercises. The cash was applied principally to fund \$106.4 million of capital expenditures and \$16.2 million for purchases of common shares for treasury. Cash provided from operating activities amounted to \$129.2 million in 2004 as compared with \$100.1 million in 2003. Included in cash flow from operations was pension plan funding of approximately \$17.6 million, \$20.8 million and \$20.2 million for the years ended December 31, 2004, 2003 and 2002, respectively.

We expect to utilize our cash reserves to support the aforementioned growth strategies.

On February 22, 2001, the Board authorized our Management Committee to repurchase, at its discretion, up to \$25 million in additional shares per year over the following three years. As of December 31, 2003, we had repurchased approximately 619,500 shares under this program at an average price of approximately \$40 per share.

On October 23, 2003, our Board of Directors authorized our Management Committee, at its discretion, to repurchase up to \$75 million in additional shares over the next three-year period. As of December 31, 2004, the Company had purchased 293,100 shares under this program at an average price of \$55 per share.

On January 26, 2005, our Board of Directors declared a regular quarterly dividend on our common stock of \$0.05 per share. No dividend will be payable unless declared by the Board and unless funds are legally available for payment thereof.

We have \$110 million in uncommitted short-term bank credit lines, of which \$30 million was in use in December 31, 2004. We anticipate that capital expenditures for 2005 should approximate \$100 million, principally related to the construction of PCC plants and other opportunities that meet our strategic growth objectives. We expect to meet our long-term financing requirements from internally generated funds, uncommitted bank credit lines and, where appropriate, project financing of certain satellite plants. The aggregate maturities of long-term debt are as follows: 2005 - \$3.9 million; 2006 - \$54.2 million; 2007 - \$2.1 million; 2008 - \$7.0 million; 2009 - \$4.3 million; thereafter - \$27.2 million.

#### Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these

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financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities.

On an ongoing basis, we evaluate our estimates and assumptions, including those related to revenue recognition, allowance for doubtful accounts, valuation of inventories, valuation of long-term assets, goodwill and other intangible assets, pension plan assumptions, income taxes, income tax valuation allowances and litigation and environmental liabilities. We base our estimates on historical experience and on other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that can not readily be determined from other sources. There can be no assurance that actual results will not differ from those estimates.

We believe the following critical accounting policies require us to make significant judgments and estimates in the preparation of our consolidated financial statements:

- Revenue recognition: Revenue from sale of products is recognized at the time the goods are shipped and title passes to the customer. In most of our PCC contracts, the price per ton is based upon the total number of tons sold to the customer during the year. Under those contracts, the price billed to the customer for shipments during the year is based on periodic estimates of the total annual volume that will be sold to the customer. Revenues are adjusted at the end of each year to reflect the actual volume sold. Revenues from sales of equipment are recorded upon completion of installation and receipt of customer acceptance. Revenues from services are recorded when the services are performed.
- Allowance for doubtful accounts: Substantially all of our accounts receivable are due from companies in the paper, construction and steel industries. Accounts receivable are reduced by an allowance for amounts that may become uncollectible in the future. Such allowance is established through a charge to the provision for bad debt expenses. We recorded bad debt expenses of \$1.6 million, \$5.3 million, and \$6.2 million in 2004, 2003 and 2002, respectively. The \$1.6 million provision in 2004 was net of \$2.3 million of bad debt recoveries related to steel customer bankruptcies for previously written off accounts receivable. The charges in 2003 and 2002 were much higher than historical levels and were primarily related to bankruptcy filings by some of our customers in the paper and steel industries and to additional provisions associated with risks in the paper, steel and other industries. In addition to specific allowances established for bankrupt customers, we also analyze the collection history and

financial condition of our other customers considering current industry conditions and determine whether an allowance needs to be established or adjusted.

- Property, plant and equipment, goodwill, intangible and other long-lived assets: Property, plant and equipment are depreciated over their useful lives. Useful lives are based on management's estimates of the period that the assets can generate revenue, which does not necessarily coincide with the remaining term of a customer's contractual obligation to purchase products made using those assets. Our sales of PCC are predominately pursuant to long-term contracts, initially ten years in length, with paper mills at which we operate satellite PCC plants. The terms of many of these agreements have been extended, often in connection with an expansion of the satellite PCC plant. We also continue to supply PCC at three locations at which the PCC contract has expired. Failure of a PCC customer to renew an agreement or continue to purchase PCC from our facility could result in an impairment of assets or accelerated depreciation at such facility.
- In the third quarter of 2002, we reduced the useful lives of satellite PCC plants at International Paper Company's ("IP") mills due to an increased risk that some or all of these PCC contracts would not be renewed. As a result of this change, we also reviewed the useful lives of the assets at our remaining satellite PCC facilities and other plants. During the first quarter of 2003, we revised the estimated useful lives of machinery and equipment pertaining to our natural stone mining and processing plants and chemical processing plants from 12.5 years (8%) to 15 years (6.67%). We also reduced the estimated useful lives of certain software-related assets due to implementation of a new global enterprise resource planning system. During the second quarter of 2003, we reached an agreement with IP that extended eight PCC supply contracts and therefore extended the useful lives of the satellite PCC plants at those IP mills. The net effect of the changes in estimated useful lives, including the deceleration of depreciation at the IP plants, was an increase to diluted earnings per share of approximately \$0.08 in 2003.
- Valuation of long-lived assets, goodwill and other intangible assets: We assess the possible impairment of long-lived assets and identifiable intangibles whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill and other intangible assets with indefinite lives are reviewed for impairment at least annually in accordance with the provisions of SFAS No. 142. Factors we consider important that could trigger an impairment review include the following:
  - significant under-performance relative to historical or projected future operating results;
  - significant changes in the manner of use of the acquired assets or the strategy for the overall business;
  - significant negative industry or economic trends.

When we determine that the carrying value of intangibles, long-lived assets or goodwill may not be recoverable based upon the existence of one or more of the above indicators of impairment, we measure any impairment by our ability to recover the carrying amount of the assets from expected future operating cash flow on a discounted basis. Net intangible assets, long-lived assets, and

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goodwill amounted to \$673.8 million as of December 31, 2004.

- Accounting for income taxes: As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating actual current tax exposure together with assessing temporary differences resulting from differing treatments of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the consolidated balance sheet. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income, and to the extent we believe that recovery is not likely, we must establish a valuation allowance. To the extent we establish a valuation allowance or increase this allowance in a period, we must include an expense within the tax provision in the Statement of Income.
- Pension Benefits: We sponsor pension and other retirement plans in various forms covering the majority of its employees who meet eligibility requirements. Several statistical and other factors which attempt to estimate future events are used in calculating the expense and liability related to the plans. These factors include assumptions about the discount rate, expected return on plan assets and rate of future compensation increases as determined by us, within certain guidelines. Our assumptions reflect our historical experience and management's best judgment regarding future expectations. In addition, our actuarial consultants also use subjective factors such as withdrawal and mortality rates to estimate these factors. The actuarial assumptions used by us may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants, among other things. Differences from these assumptions may result in a significant impact to the amount of pension expense/liability recorded by us.

For a detailed discussion on the application of these and other accounting policies, see "Summary of Significant Accounting Policies" in the "Notes to the Consolidated Financial Statements" in Item 15 of this Annual Report on Form 10-K, beginning on page F-6. This discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this report.

#### **Prospective Information and Factors That May Affect Future Results**

The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand companies' future prospects and make informed investment decisions. This report may contain forward-looking statements that set our anticipated results based on management's plans and assumptions. Words such as "expects," "plans," "anticipates," and words and terms of similar substance, used in connection with any discussion of future operating or financial performance identify these forward-looking statements.

We cannot guarantee that the outcomes suggested in any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements and should refer to the discussion of certain risks, uncertainties and assumptions under the heading "Cautionary Factors That May Affect Future Results" in Item 1.

#### **Inflation**

Historically, inflation has not had a material adverse effect on us. The contracts pursuant to which we construct and operate our satellite PCC plants generally adjust pricing to reflect increases in costs resulting from inflation.

#### **Cyclical Nature of Customers' Businesses**

The bulk of our sales are to customers in the paper manufacturing, steel manufacturing and construction industries, which have historically been cyclical. The pricing structure of some of our long-term PCC contracts makes our PCC business less sensitive to declines in the quantity of product purchased. However, we cannot predict the economic outlook in the countries in which we do business, nor in the key industries we serve. There can be no assurance that a recession, in some markets or worldwide, would not have a significant negative effect on our financial position or results of operations.



## Recently Issued Accounting Standards

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123R, "Share-Based Payment." This statement is a revision to SFAS No. 123 and supersedes Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," and amends FASB Statement No. 95, "Statement of Cash Flows." This statement requires a public entity to expense the cost of employee services received in exchange for an award of equity instruments. This statement also provides guidance on valuing and expensing these awards, as well as disclosure requirements of these equity arrangements. This statement is effective for the first interim reporting period that begins after June 15, 2005.

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As permitted by SFAS No. 123, we currently account for share-based payments to employees using APB Opinion No. 25's intrinsic value method and, as such, we generally recognize no compensation cost for employee stock options. The impact of the adoption of SFAS No. 123R cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. However, valuation of employee stock options under SFAS No. 123R is similar to SFAS No. 123, with minor exceptions. For information about what our reported results of operations and earnings per share would have been had we adopted SFAS No. 123, please see the discussion under the heading, "Stock Based Compensation" in Note 2 to our Consolidated Financial Statements. Accordingly, the adoption of SFAS No. 123R's fair value method will have a significant impact on our results of operations, although it will have no impact on our overall financial position. SFAS No. 123R also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow as required under current literature. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after adoption. Due to timing of the release of SFAS No. 123R, we have not yet completed the analysis of the ultimate impact that this new pronouncement will have on the results of operations, nor the method of adoption for this new standard.

In December 2004, FASB issued Statement No. 153, "Exchanges of Non-monetary Assets - an amendment to APB Opinion No. 29." This statement amends the guidance in Opinion No. 29 to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. A non-monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The Company had no such exchanges in 2004.

In November 2004, FASB issued Statement No. 151, "Inventory Costs - an amendment of ARB No. 43, Chapter 4." This statement amends the guidance in ARB No 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). This statement requires that items such as idle facility expense, excessive spoilage, double freight, and rehandling costs be recognized as current-period charges. In addition, this statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This statement will be effective for fiscal years beginning after June 15, 2005. We do not expect the adoption of SFAS No. 151 to have a material impact on our financial condition or results of operations.

In December 2004, the FASB issued SFAS No. 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004," which provides relief concerning the timing of the SFAS No. 109 requirement to accrue deferred taxes for unremitted earnings of foreign subsidiaries. The FASB determined that the provisions of the Act were sufficiently complex and ambiguous that companies may not be in a position to determine the impact of the Act on their plans for repatriation or reinvestment of foreign earnings or the corresponding deferred tax liability. Accrual of any deferred tax liability is not required until companies have the information necessary to determine the amount of earnings to be repatriated and a reasonable estimate can be made of the deferred tax liability.

### Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse changes in market prices and rates. We are exposed to market risk because of changes in foreign currency exchange rates as measured against the U.S. dollar. We do not anticipate that near-term changes in exchange rates will have a material impact on our future earnings or cash flows. However, there can be no assurance that a sudden and significant decline in the value of foreign currencies would not have a material adverse effect on our financial condition and results of operations. Approximately 25% of our bank debt bear interest at variable rates; therefore our results of operations would only be affected by interest rate changes to such bank debt outstanding. An immediate 10 percent change in interest rates would not have a material effect on our results of operations over the next fiscal year.

We are exposed to various market risks, including the potential loss arising from adverse changes in foreign currency exchange rates and interest rates. We do not enter into derivatives or other financial instruments for trading or speculative purposes. When appropriate, we enter into derivative financial instruments, such as forward exchange contracts and interest rate swaps, to mitigate the impact of foreign exchange rate movements and interest rate movements on our operating results. The counterparties are major financial institutions. Such forward exchange contracts and interest rate swaps would not subject us to additional risk from exchange rate or interest rate movements because gains and losses on these contracts would offset losses and gains on the assets, liabilities, and transactions being hedged. We have open forward exchange contracts to purchase approximately \$5.8 million and \$2.2 million of foreign currencies as of December 31, 2004 and 2003, respectively. These contracts mature between January and June of 2005. The fair value of these instruments at December 31, 2004 was a liability of \$0.6 million and an asset of \$0.1 million at December 31, 2003. We entered into three-year interest rate swap agreements with a notional amount of \$30 million which expired in January 2005. These agreements effectively converted a portion of our floating-rate debt to a fixed rate basis. The fair value of these instruments was a liability of approximately \$0.1 million and \$1.0 million at December 31, 2004 and 2003, respectively.

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### Item 8. Financial Statements and Supplementary Data

The financial information required by Item 8 is contained in Item 15 of Part IV of this report.

### Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

### Item 9A. Controls and Procedures

Pursuant to Rule 13(a)-15(b) of the Securities Exchange Act of 1934, the Company, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2004. Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic SEC filings.

There have been no changes during the most recently completed fiscal quarter in the Company's internal controls or in other factors that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

#### *Management's Report on Financial Statements*

Minerals Technologies Inc.'s management is responsible for the integrity and objectivity of the accompanying financial statements and related information. The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and include amounts based on judgments and estimates by management.

#### *Management's Report on Internal Control Over Financial Reporting*

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting of the Company. This system of internal accounting controls is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The design, monitoring and revision of the system of internal accounting controls involves, among other things, management's judgments with respect to the relative cost and expected benefits of specific control measures. The effectiveness of the control system is supported by the selection, retention and training of qualified personnel and an organizational structure that provides an appropriate division of responsibility and formalized procedures. The system of internal accounting controls is periodically reviewed and modified in response to changing conditions. An internal audit staff regularly monitors the adequacy and effectiveness of internal accounting controls for the Company and all of its subsidiaries.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, because of changes in conditions, effectiveness of internal controls over financial reporting may vary over time. Our system contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

Management conducted an evaluation of the effectiveness of the system of internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management concluded that as of December 31, 2004, the Company's system of internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Management's assessment of the effectiveness of the Company's internal control over financial reporting has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report in which they expressed an unqualified opinion, which is included herein.

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### PART III

#### Item 10. Directors and Executive Officers of the Registrant

Set forth below are the names and ages of all Executive Officers of the Registrant indicating all positions and offices with the Registrant held by each such person, and each such person's principal occupations or employment during the past five years.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Paul R. Saueracker	62	Chairman of the Board; President and Chief Executive Officer
Alain F. Bouruet-Aubertot	48	Senior Vice President and Managing Director, President and Chief Executive Officer, MINTEQ International Inc.
Kenneth L. Massimine	55	Senior Vice President and Managing Director, Paper PCC
John A. Sorel	57	Senior Vice President - Finance, and Chief Financial Officer
Gordon S. Borteck	47	Vice President, Organization and Human Resources
Kirk G. Forrest	53	Vice President, General Counsel and Secretary
D. Randy Harrison	53	Vice President and Managing Director, Performance Minerals
Michael A. Cipolla	47	Vice President - Corporate Controller and Chief Accounting Officer
William A. Kromberg	58	Vice President, Taxes
Gregory Kelm	52	Treasurer

Paul R. Saueracker was elected Chairman of the Board on October 18, 2001. Prior to that he became President and Chief Executive Officer effective August 2000 and December 31, 2000, respectively. Mr. Saueracker served as senior Vice President from 1999 to 2000, and Vice President of the Company from 1994 to 1999. He had served as President and CEO of Specialty Minerals Inc. since 1994. Mr. Saueracker is a former President of the Pulverized Minerals Division of the National Stone, Sand and Gravel Association and a member of the Board of Directors of the National Association of Manufacturers.

Alain F. Bouruet-Aubertot was named Senior Vice President and Managing Director, President and chief Executive Officer, MINTEQ International Inc. in November 2002. From 1996 to June 2002 he had been President, Gypsum Division and Corporate Senior Vice President of Lafarge North America, a supplier of cement, ready-mixed concrete, construction aggregate and gypsum drywall.

Kenneth L. Massimine was elected Senior Vice President and Managing Director, Paper PCC, effective January 1, 2002. Prior to that he held positions of increasing authority with the Company, most recently Vice President and Managing Director, Processed Minerals.

John A. Sorel was elected Senior Vice President, Chief Financial Officer and Treasurer in November 2002. Prior to that time he was elected Senior Vice President, Corporate Development and Finance since January 1, 2002 and prior to 2002 he held positions of increasing authority with the Company, most recently Vice President and Managing Director, Paper PCC.

Gordon S. Borteck was elected Vice President - Organization and Human Resources effective January 1, 2002. Prior to that he had been Vice President, Human Resources of Specialty Minerals Inc. since January 1997.

Kirk G. Forrest was elected Vice President - General Counsel and Secretary effective January 26, 2005. Prior to that, Mr. Forrest had been Vice President and General Counsel at SAM'S CLUB, and a Corporate Vice President of its parent company, Wal-Mart Stores, Inc. and Associate General Counsel at The Williams Companies, which he joined in 1998.

D. Randy Harrison was elected Vice President and Managing Director, Performance Minerals, which encompasses the Processed Minerals product line and the Specialty PCC product line, effective January 1, 2002. Prior to that he held positions of increasing authority with Specialty Minerals Inc., most recently Vice President and General Manager, Specialty PCC.

Michael A. Cipolla was elected Vice President - Controller and Chief Accounting Officer in July 2003. Prior to that he served as Corporate Controller and Chief Accounting Officer of the Company since 1998. From 1992 to 1998 he served as Assistant Corporate Controller.

William A. Kromberg has served as Vice President-Taxes of the Company since 1993.

Greg P. Kelm was elected Treasurer effective January 21, 2004. Prior to that he had been Assistant Treasurer since March 2000. From 1994 to 2000 Mr. Kelm served as Director, Corporate Human Resources.

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The information concerning the Company's Board of Directors required by this item is incorporated herein by reference to the Company's Proxy Statement, under the caption "Committees of the Board of Directors."

The information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 required by this Item is incorporated herein by reference to the Company's Proxy Statement, under the caption "Section 16(a) Beneficial Ownership Reporting Compliance."

The Board has established a Code of Ethics for the Chief Executive Officer, the Chief Financial Officer, and the Chief Accounting Officer which is available on our website, [www.mineralstech.com](http://www.mineralstech.com), under the link entitled "Corporate Governance."

#### Item 11. Executive Compensation

The information appearing in the Company's Proxy Statement under the caption "Compensation of Executive Officers," excluding the information under the captions "Performance Graph" and "Report of the Compensation and Nominating Committee on Executive Compensation" is incorporated herein by reference.

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information appearing under the caption "Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters as of February 1, 2005" set forth in the Company's Proxy Statement is incorporated herein by reference.

## Item 13. Certain Relationships and Related Transactions

The information appearing under the caption "Certain Relationships and Related Transactions" set forth in the Company's Proxy Statement is incorporated herein by reference.

Under the terms of certain agreements entered into in connection with the Company's initial public offering in 1992, Pfizer Inc ("Pfizer") and its wholly-owned subsidiary Quigley Company, Inc. ("Quigley") agreed to indemnify the company against certain liabilities being retained by Pfizer and its subsidiaries including, but not limited to, pending lawsuits and claims, and any lawsuits or claims brought at any time in the future alleging damages or injury from the use, handling of or exposure to any product sold by Pfizer's specialty minerals business prior to the closing of the initial public offering.

Pfizer and Quigley also agreed to indemnify the Company against any liability arising from on-site remedial waste site claims and for other claims that may be made in the future with respect to waste disposed of prior to the closing of the initial public offering. Further, Pfizer and Quigley agreed to indemnify the Company for 50% of the liabilities in excess of \$1 million up to \$10 million that may have arisen or had accrued within ten years after the closing of the initial public offering with respect to remediation of on-site conditions existing at the time of the closing of the initial public offering. The Company will be responsible for the first \$1 million of such liabilities, 50% of all such liabilities in excess of \$1 million up to \$10 million, and all such liabilities in excess of \$10 million.

## Item 14. Principal Accountant Fees and Services

The information appearing under the caption "Principal Accountant Fees and Services" set forth in the Company's Proxy Statement is incorporated herein by reference.

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## PART IV

## Item 15. Exhibits, Financial Statement Schedule and Reports on Form 8-K

(a) The following documents are filed as part of this Report:

1. Financial Statements. The following Consolidated Financial Statements of Mineral Technologies Inc. and subsidiary companies and Report of Independent Registered Public Accounting Firm are set forth on pages F-2 to F-28.  
Consolidated Balance Sheet as of December 31, 2004 and 2003  
Consolidated Statement of Income for the years ended December 31, 2004, 2003, and 2002  
Consolidated Statement of Cash Flows for the years ended December 31, 2004, 2003 and 2002  
Consolidated Statement of Shareholders' Equity for the years ended December 31, 2004, 2003 and 2002  
Notes to the Consolidated Financial Statements  
Report of Independent Registered Public Accounting Firm

2. Financial Statement Schedule. The following financial statement schedule is filed as part of this Report:

	<u>Page</u>
Schedule II - Valuation and Qualifying Accounts	S-1

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

3. Exhibits. The following exhibits are filed as part of, or incorporated by reference into, this Report.

- 3.1 -Restated Certificate of Incorporation of the Company (1)
- 3.2 -Restated by-laws of the Company (7)
- 3.3 Certificate of Designations authorizing issuance and establishing designations, preferences and rights of Series A Junior Preferred Stock of the Company (1)
- 4 Rights Agreement, executed effective as of September 13, 1999 (the "Rights Agreement"), between Minerals Technologies Inc. and Chase Mellon Shareholders Services L.L.C., as Rights Agents, including as Exhibit B the forms of Rights Certificate and of Election to Exercise (\*)
- 4.1 -Specimen Certificate of Common Stock (1)
- 10.1 Asset Purchase Agreement, dated as of September 28, 1992, by and between Specialty Refractories Inc. and Quigley Company Inc. (2)
- 10.1(a) Agreement dated October 22, 1992 between Specialty Refractories Inc. and Quigley Company Inc., amending Exhibit 10.1 (3)
- 10.1(b) Letter Agreement dated October 29, 1992 between Specialty Refractories Inc. and Quigley Company Inc., amending Exhibit 10.1 (3)
- 10.2 -Reorganization Agreement, dated as of September 28, 1992, by and between the Company and Pfizer Inc (2)
- 10.3 -Asset Contribution Agreement, dated as of September 28, 1992, by and between Pfizer Inc and Specialty Minerals Inc. (2)
- 10.4 -Asset Contribution Agreement, dated as of September 28, 1992, by and between Pfizer Inc and Barretts Minerals Inc. (2)
- 10.4(a) Agreement dated October 22, 1992 between Pfizer Inc, Barretts Minerals Inc. and Specialty Minerals Inc., amending Exhibits 10.3 and 10.4 (3)
- 10.5 -Form of Employment Agreement (9), together with schedule relating to executed Employment Agreements (\*) (+)
- 10.5(a) -Form of Employment Agreement (6), together with schedule relating to executed Employment Agreements (8) (+)
- 10.6 -Form of Severance Agreement (6), together with schedule relating to executed Severance Agreements (\*) (+)
- 10.7 -Company Employee Protection Plan, as amended August 27, 1999 (\*) (+)
- 10.8 Company Nonfunded Deferred Compensation and Unit Award Plan for Non-Employee Directors, as amended effective April 24, 2003 (10) (+)
- 10.9 -2001 Stock Award and Incentive Plan of the Company, as amended and restated effective October 18, 2001 (9) (+)
- 10.10 -Company Retirement Plan, as amended and restated effective as of January 21, 2004 (1) (+)
- 10.11 -Company Nonfunded Supplemental Retirement Plan, as amended effective April 24, 2003 (10) (+)
- 10.12 -Company Savings and Investment Plan, as amended and restated October 18, 2001, effective January 1, 2001 (9) (+)
- 10.13 Company Nonfunded Deferred Compensation and Supplemental Savings Plan, as amended effective April 24, 2003 (10) (+)
- 10.14 -Company Health and Welfare Plan, effective as of April 1, 2003 (10) (+)

- 10.15 -Grantor Trust Agreement, dated December 29, 1994, between the Company and The Bank of New York, as Trustee (1) (+)
- 10.16 Note Purchase Agreement, dated as of July 24, 1996, between the Company and Metropolitan Life Insurance Company with respect to the Company's issuance of \$50,000,000 in aggregate principal amount of its 7.49% Guaranteed Senior -Notes due July 24, 2006 (1)
- 10.17 -Indenture, dated July 22, 1963, between the Cork Harbour Commissioners and Roofchrome Limited (2)
- 10.18 -Agreement of Lease, dated as of May 24, 1993, between the Company and Cooke Properties Inc. (1)
- 21.1 -Subsidiaries of the Company (\*)
- 23.1 -Report and Consent of Independent Registered Public Accounting Firm (\*)
- 31 -Rule 13a-14(a)/15d-14(a) Certifications (\*)
- 32 -Section 1350 Certification (\*)

- (1)Incorporated by reference to the exhibit so designated filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2003.
- (2)Incorporated by reference to exhibit so designated filed with the Company's Registration Statement on Form S-1 (Registration No. 33-51292), originally filed on August 25, 1992.
- (3)Incorporated by reference to exhibit so designated filed with the Company's Registration Statement on Form S-1 (Registration No. 33-59510), originally filed on March 15, 1993.
- (4)Incorporated by reference to the exhibit so designated filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2002.
- (5)[RESERVED]
- (6)Incorporated by reference to exhibit so designated filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2000.
- (7)Incorporated by reference to exhibit so designated filed with the Company's Quarterly Report on Form 10-Q for the quarter ended September 24, 2000.
- (8)Incorporated by reference to exhibit so designated filed with the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2001.
- (9)Incorporated by reference to exhibit so designated filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2001.
- (10)Incorporated by reference to exhibit so designated filed with the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2003.

(\*)Filed herewith.

(+)Management contract or compensatory plan or arrangement required to be filed pursuant to Item 601 of Regulation S-K.

(b)Reports on Form 8-K

Minerals Technologies Inc. filed the following reports on Form 8-K during the fourth quarter of 2004:

1. A report on Form 8-K dated October 4, 2004 under Item 8.01, reporting the dedication of a new merchant facility in Walsum, Germany for the production of precipitated calcium carbonate for use in paper coating.
2. A report on Form 8-K dated October 6, 2004 under Item 8.01, reporting a five percent price increase on ground limestone and lime products.
3. A report on Form 8-K dated October 28, 2004 under Item 2.02, reporting earnings for the quarter ended September 26, 2004.
4. A report on Form 8-K dated December 1, 2004 under Item 8.01, reporting a three to eight percent price increase on monolithic refractory products on or after January 1, 2005.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

By: /s/ Paul R. Saueracker R.  
 Paul R. Saueracker R.  
 Chairman of the Board and Chief Executive Officer

March 10, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated:

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
<u>/s/ Paul R. Saueracker</u> Paul R. Saueracker	Chairman of the Board and Chief Executive Officer (principal executive officer)	March 10, 2005

/s/ John A. Sorel Senior Vice President-Finance and March 10, 2005  
John A. Sorel Chief Financial Officer (principal financial officer)

/s/ Michael A. Cipolla Vice President - Controller and March 10, 2005  
Michael A. Cipolla Chief Accounting Officer (principal accounting officer)

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<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
<u>/s/ Paula H. J. Cholmondeley</u> Paula H. J. Cholmondeley	Director	March 10, 2005
<u>/s/ John B. Curcio</u> John B. Curcio	Director	March 10, 2005
<u>/s/ Duane R. Dunham</u> Duane R. Dunham	Director	March 10, 2005
<u>/s/ Steven J. Golub</u> Steven J. Golub	Director	March 10, 2005
<u>/s/ Kristina M. Johnson</u> Kristina M. Johnson	Director	March 10, 2005
<u>/s/ Joseph C. Muscari</u> Joseph C. Muscari	Director	March 10, 2005
<u>/s/ Michael F. Pasquale</u> Michael F. Pasquale	Director	March 10, 2005
<u>/s/ John T. Reid</u> John T. Reid	Director	March 10, 2005
<u>/s/ William C. Stivers</u> William C. Stivers	Director	March 10, 2005
<u>/s/ Jean-Paul Valles</u> Jean-Paul Valles	Director	March 10, 2005

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Audited Financial Statements:	Page
Consolidated Balance Sheets as of December 31, 2004 and 2003	F-2
Consolidated Statements of Income for the years ended December 31, 2004, 2003, and 2002	F-3
Consolidated Statements of Cash Flows for the year ended December 31, 2004, 2003, 2002	F-4
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2004, 2003 and 2002	F-5
Notes to Consolidated Financial Statements	F-6
Reports of Independent Registered Public Accounting Firm	F-27

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**MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED BALANCE SHEETS**  
(thousand of dollars)

	December 31,	
	2004	2003
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 105,767	\$ 90,515
Short-term investments, at cost which approximates market	7,200	--
Accounts receivable, less allowance for doubtful accounts: 2004 - \$7,143; 2003 - \$7,010	156,276	147,600
Inventories	106,125	86,378
Prepaid expenses and other current assets	20,303	18,087
Total current assets	395,671	342,580
Property, plant and equipment, less accumulated depreciation and depletion	614,285	561,588
Goodwill	53,729	52,721
Prepaid benefit costs	61,617	46,251
Other assets and deferred charges	29,600	32,550
Total assets	<u>\$1,154,902</u>	<u>\$1,035,690</u>
 <b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Short-term debt	\$ 30,000	\$ 30,347
Current maturities of long-term debt	3,917	3,175
Accounts payable	56,381	44,217
Income taxes payable	12,521	3,750
Accrued compensation and related items	17,072	21,710
Other current liabilities	32,962	22,586
Total current liabilities	152,853	125,785
Long-term debt	94,811	98,159
Accrued postretirement benefits	21,426	20,385
Deferred taxes on income	45,238	48,057
Other noncurrent liabilities	41,261	35,923
Total liabilities	<u>355,589</u>	<u>328,309</u>
Commitments and contingent liabilities		
Shareholders' equity:		
Preferred stock, without par value; 1,000,000 shares authorized; none issued	--	--
Common stock at par, \$0.10 par value; 100,000,000 shares authorized;		

issued 27,785,858 shares in 2004 and 27,422,472 shares in 2003	2,778	2,742
Additional paid-in capital	248,230	225,512
Deferred compensation	(2,088)	(1,220)
Retained earnings	779,397	724,936
Accumulated other comprehensive income	35,624	3,814
Less common stock held in treasury, at cost; 7,224,073 shares in 2004 and 6,930,973 shares in 2003	(264,628)	(248,403)
Total shareholders' equity	<u>799,313</u>	<u>707,381</u>
Total liabilities and shareholders' equity	<u>\$ 1,154,902</u>	<u>\$ 1,035,690</u>

See Notes to Consolidated Financial Statements, which are an integral part of these statements.

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**MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(thousand of dollars, except per share data)

	<u>Year Ended December 31,</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net sales	\$ 923,667	\$ 813,743	\$ 752,680
Operating costs and expenses:			
Cost of goods sold	709,032	615,749	567,985
Marketing and administrative expenses	92,844	83,809	74,160
Research and development expenses	28,996	25,149	22,697
Bad debt expenses	1,576	5,307	6,214
Restructuring charges	1,145	3,323	--
Acquisition termination costs	997	--	--
Write-down of impaired assets	--	3,202	750
Income from operations	<u>89,077</u>	<u>77,204</u>	<u>80,874</u>
Interest income	1,608	836	1,172
Interest expense	(4,147)	(5,423)	(5,792)
Foreign exchange gains (losses)	(567)	476	233
Other deductions	(1,399)	(749)	(753)
Non-operating deductions, net	<u>(4,505)</u>	<u>(4,860)</u>	<u>(5,140)</u>
Income before provision for taxes on income and minority interests	84,572	72,344	75,734
Provision for taxes on income	24,299	19,116	20,220
Minority interests	1,710	1,575	1,762
Income before cumulative effect of accounting change	58,563	51,653	53,752
Cumulative effect of accounting change, net of tax benefit of \$2,072	--	3,433	--
Net income	<u>\$ 58,563</u>	<u>\$ 48,220</u>	<u>\$ 53,752</u>
<b>Earnings per share:</b>			
Basic:			
Before cumulative effect of accounting change	\$ 2.85	\$ 2.56	\$ 2.66
Cumulative effect of accounting change	--	(0.17)	--
Basic earnings per share	<u>\$ 2.85</u>	<u>\$ 2.39</u>	<u>\$ 2.66</u>
Diluted:			
Before cumulative effect of accounting change	\$ 2.82	\$ 2.53	\$ 2.61
Cumulative effect of accounting change	--	(0.17)	--
Diluted earnings per share	<u>\$ 2.82</u>	<u>\$ 2.36</u>	<u>\$ 2.61</u>

See Notes to Consolidated Financial Statements, which are an integral part of these statements.

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**MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(thousand of dollars)

	<u>Year Ended December 31,</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Operating Activities</b>			
Net income	\$ 58,563	\$ 48,220	\$ 53,752
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect of accounting change	--	3,433	--
Depreciation, depletion and amortization	70,467	66,340	68,960
Write-down of impaired assets	--	3,202	750
Loss on disposal of property, plant and equipment	1,269	1,472	1,301
Deferred income taxes	(8,070)	5,085	2,643
Provisions for bad debts	3,876	5,307	6,214
Tax benefits related to stock incentive programs	7,220	3,176	2,299
Other	1,495	1,270	1,519
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(3,141)	(7,946)	1,143
Inventories	(17,483)	767	5,166
Prepaid expenses and other current assets	(2,077)	(13,549)	621
Pension plan funding	(17,579)	(20,784)	(20,185)
Accounts payable	10,596	4,706	(5,542)
Income taxes payable	8,771	(5,767)	(1,834)
Other	15,316	5,156	1,031
Net cash provided by operating activities	<u>129,223</u>	<u>100,088</u>	<u>117,838</u>
<b>Investing Activities</b>			
Purchases of property, plant and equipment	(106,423)	(52,665)	(37,107)
Purchases of short-term investments	(12,875)	--	--
Proceeds from sales of short-term investments	5,675	--	--
Proceeds from disposal of property, plant and equipment	1,655	1,874	280
Acquisition of businesses, net of cash acquired	--	(1,958)	(34,100)
Net cash used in investing activities	<u>(111,968)</u>	<u>(52,749)</u>	<u>(70,927)</u>
<b>Financing Activities</b>			
Proceeds from issuance of short-term and long-term debt	7,809	5,659	154,908
Repayment of short-term and long-term debt	(11,397)	(6,019)	(194,876)
Purchase of common shares for treasury	(16,225)	(6,016)	(17,332)
Cash dividends paid	(4,102)	(2,024)	(2,026)
Proceeds from issuance of stock under option plan	14,173	15,884	29,384
Net cash provided by (used in) financing activities	<u>(9,742)</u>	<u>7,484</u>	<u>(29,942)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>7,739</u>	<u>3,930</u>	<u>1,747</u>
Net increase in cash and cash equivalents	15,252	58,753	18,716
Cash and cash equivalents at beginning of year	90,515	31,762	13,046
Cash and cash equivalents at end of year	<u>\$ 105,767</u>	<u>\$ 90,515</u>	<u>\$ 31,762</u>
<b>Non-cash Investing and Financing Activities:</b>			
Property, plant and equipment acquired by incurring installment obligations	<u>\$ --</u>	<u>\$ 11,368</u>	<u>\$ --</u>
Property, plant and equipment additions related to asset retirement obligations	<u>\$ --</u>	<u>\$ 6,762</u>	<u>\$ --</u>

See Notes to Consolidated Financial Statements, which are an integral part of these statements.

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**MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(in thousands)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Deferred Compensation</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Treasury Stock</u>		<u>Total</u>
	<u>Shares</u>	<u>Par Value</u>					<u>Shares</u>	<u>Cost</u>	
Balance as of January 1, 2002	25,962	\$ 2,596	\$ 158,559	\$ --	\$ 627,014	\$ (55,295)	(6,348)	\$ (225,055)	\$ 507,819
Comprehensive income:									
Net income	--	--	--	--	53,752	--	--	--	53,752
Currency translation adjustment	--	--	--	--	--	22,137	--	--	22,137



Minimum pension liability adjustment	--	--	--	--	--	(829)	--	--	(829)
Cash flow hedges:									
Net derivative losses arising during the year	--	--	--	--	--	(968)	--	--	(968)
Reclassification adjustment	--	--	--	--	--	(79)	--	--	(79)
Total comprehensive income	--	--	--	--	53,752	20,261	--	--	74,013
Dividends declared	--	--	--	--	(2,026)	--	--	--	(2,026)
Employee benefit transactions	975	98	29,286	--	--	--	--	--	29,384
Income tax benefit arising from									
employee stock option plans	--	--	2,299	--	--	--	--	--	2,299
Purchase of common stock for treasury	--	--	--	--	--	--	(433)	(17,332)	(17,332)
Balance as of December 31, 2002	26,937	2,694	190,144	--	678,740	(35,034)	(6,781)	(242,387)	594,157
Comprehensive income:									
Net income	--	--	--	--	48,220	--	--	--	48,220
Currency translation adjustment	--	--	--	--	--	39,695	--	--	39,695
Minimum pension liability adjustment	--	--	--	--	--	(1,368)	--	--	(1,368)
Cash flow hedges:									
Net derivative losses arising during the year	--	--	--	--	--	521	--	--	521
Reclassification adjustment	--	--	--	--	--	--	--	--	--
Total comprehensive income	--	--	--	--	48,220	38,848	--	--	87,068
Dividends declared	--	--	--	--	(2,024)	--	--	--	(2,024)
Employee benefit transactions	485	48	15,836	--	--	--	--	--	15,884
Income tax benefit arising from									
employee stock option plans	--	--	3,176	--	--	--	--	--	3,176
Issuance of restricted stock	--	--	1,356	(1,356)	--	--	--	--	--
Amortization of restricted stock	--	--	--	136	--	--	--	--	136
Purchase of common stock for treasury	--	--	--	--	--	--	(150)	(6,016)	(6,016)
Tax accrual reversal	--	--	15,000	--	--	--	--	--	15,000
Balance as of December 31, 2003	27,422	2,742	225,512	(1,220)	724,936	3,814	(6,931)	(248,403)	707,381
Comprehensive income:									
Net income	--	--	--	--	58,563	--	--	--	58,563
Currency translation adjustment	--	--	--	--	--	33,974	--	--	33,974
Minimum pension liability adjustment	--	--	--	--	--	(2,246)	--	--	(2,246)
Cash flow hedges:									
Net derivative losses arising during the year	--	--	--	--	--	150	--	--	150
Reclassification adjustment	--	--	--	--	--	(68)	--	--	(68)
Total comprehensive income	--	--	--	--	58,563	31,810	--	--	90,373
Dividends declared	--	--	--	--	(4,102)	--	--	--	(4,102)
Employee benefit transactions	363	36	14,137	--	--	--	--	--	14,173
Income tax benefit arising from									
employee stock option plans	--	--	7,220	--	--	--	--	--	7,220
Issuance of restricted stock	--	--	1,361	(1,361)	--	--	--	--	--
Amortization of restricted stock	--	--	--	493	--	--	--	--	493
Purchase of common stock for treasury	--	--	--	--	--	--	(293)	(16,225)	(16,225)
Balance as of December 31, 2004	27,785	\$ 2,778	\$ 248,230	\$ (2,088)	\$ 779,397	\$ 35,624	(7,224)	\$ (264,628)	\$ 799,313

See Notes to Consolidated Financial Statements, which are an integral part of these statements.

**MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies**

*Basis of Presentation*

The accompanying consolidated financial statements include the accounts of Minerals Technologies Inc. (the "Company") and its wholly and majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

*Use of Estimates*

The Company employs accounting policies that are in accordance with U.S. generally accepted accounting principles and require management to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reported period. Significant estimates include those related to revenue recognition, allowance for doubtful accounts, valuation of inventories, valuation of long-lived assets, goodwill and other intangible assets, pension plan assumptions, income tax, valuation allowances, and litigation and environmental liabilities. Actual results could differ from those estimates.

*Business*

The Company is a resource- and technology-based company that develops, produces and markets on a worldwide basis a broad range of specialty mineral, mineral-based and synthetic mineral products and related systems and technologies. The Company's products are used in manufacturing processes of the paper and steel industries, as well as by the building materials, polymers, ceramics, paints and coatings, glass and other manufacturing industries.

*Cash Equivalents and Short-term Investments*

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. Cash equivalents amounted to \$2.2 million and \$1.1 million at December 31, 2004 and 2003, respectively. Short-term investments consist of municipal bonds with original maturities beyond three months. Short-term investments amounted to \$7.2 million at December 31, 2004.

*Trade Accounts Receivable*

Trade accounts receivables are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical write-off experience and specific allowances for bankrupt customers. The Company also analyzes the collection history and financial condition of its other customers considering current industry conditions and determines whether an allowance needs to be established. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

#### *Inventories*

Inventories are valued at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method.

#### *Property, Plant and Equipment*

Property, plant and equipment are recorded at cost. Significant improvements are capitalized, while maintenance and repair expenditures are charged to operations as incurred. The Company capitalizes interest cost as a component of construction in progress. In general, the straight-line method of depreciation is used for financial reporting purposes and accelerated methods are used for U.S. and certain foreign tax reporting purposes. The annual rates of depreciation are 3% - 6.67% for buildings, 6.67% - 12.5% for machinery and equipment, 8% - 12.5% for furniture and fixtures and 12.5% - 25% for computer equipment and software-related assets.

Property, plant and equipment are amortized over their useful lives. Useful lives are based on management's estimates of the period that the assets can generate revenue, which does not necessarily coincide with the remaining term of a customer's contractual obligation to purchase products made using those assets. The Company's sales of PCC are predominately pursuant to long-term contracts, initially ten years in length, with paper mills at which the Company operates satellite PCC plants. The terms of many of these agreements have been extended, often in connection with an expansion of the satellite PCC plant. The Company also continues to supply PCC at three locations at which the PCC contract has expired. Failure of a PCC customer to renew an agreement or continue to purchase PCC from a Company facility could result in an impairment of assets charge or accelerated depreciation at such facility.

In the third quarter of 2002, the Company reduced the useful lives of satellite PCC plants at International Paper Company's ("IP") mills due to an increased risk that some or all of these PCC contracts would not be renewed. As a result of this change, the Company also reviewed the useful lives of the assets at its remaining satellite PCC facilities and other plants. During the first quarter of 2003, the Company revised the estimated useful lives of machinery and equipment pertaining to its natural stone mining and processing plants and chemical processing plants from 12.5 years (8%) to 15 years (6.67%) and reduced the useful lives of buildings at certain satellite PCC facilities from 25 years (4%) to 15 years (6.67%). The Company also reduced the estimated useful lives of certain software-related assets due to implementation of a new global enterprise resource planning system. During the second quarter of 2003,

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### **MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

the Company reached an agreement with IP that extended eight PCC supply contracts and therefore extended the useful lives of the satellite PCC plants at those IP mills. The net effect of the changes in estimated useful lives, including the deceleration of depreciation at the IP plants, was an increase to diluted earnings per share of approximately \$0.08 in 2003.

Depletion of mineral reserves is determined on a unit-of-extraction basis for financial reporting purposes and on a percentage depletion basis of tax purposes.

Mining costs associated with waste gravel and rock removal in excess of the expected average life of mine stripping ratio are deferred. These costs are charged to production on a unit-of-production basis when the ratio of waste to ore mined is less than the average life of mine stripping ratio.

#### *Accounting for the Impairment of Long-Lived Assets*

The Company accounts for impairment of long-lived assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 establishes a uniform accounting model for long-lived assets to be disposed of. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, the Company estimates the undiscounted future cash flows (excluding interest), resulting from the use of the asset and its ultimate disposition. If the sum of the undiscounted cash flows (excluding interest) is less than the carrying value, the Company recognizes an impairment loss, measured as the amount by which the carrying value exceeds the fair value of the asset, determined principally using discounted cash flows.

#### *Goodwill and Other Intangible Assets*

Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of businesses acquired. On January 1, 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets." Under SFAS No. 142, goodwill and other intangible assets with indefinite lives are not amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated lives to the estimated residual values, and reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

The Company evaluates the recoverability of goodwill using a two-step impairment test approach at the reporting unit level. In the first step, the fair value for the reporting unit is compared to its book value including goodwill. In the case that the fair value of the reporting unit is less than book value, a second step is performed which compares the fair value of the reporting unit's goodwill to the book value of the goodwill. The fair value for the goodwill is determined based on the difference between the fair values of the reporting units and the net fair values of the identifiable assets and liabilities of such reporting unit. If the fair value of the goodwill is less than the book value, the difference is recognized as an impairment.

#### *Accounting for Asset Retirement Obligations*

Effective January 1, 2003, the Company adopted SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 establishes the financial accounting and reporting for obligations associated with the retirement of long-lived assets and the associated asset retirement costs. This statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset.

#### *Fair Value of Financial Instruments*

The recorded amounts of cash and cash equivalents, receivables, short-term borrowings, accounts payable, accrued interest, and variable-rate long-term debt approximate fair value because of the short maturity of those instruments or the variable nature of underlying interest rates. Short-term investments are recorded at cost which approximates fair market value.

#### *Derivative Financial Instruments*

The Company enters into derivative financial instruments to hedge certain foreign exchange and interest rate exposures pursuant to SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." See the Notes on Derivative Financial Instruments and Hedging Activities and Financial Instruments and Concentrations of Credit Risk in the Consolidated Financial Statements for a full description of the Company's hedging activities and related accounting policies.

#### *Revenue Recognition*

Revenue from sale of products is recognized at the time the goods are shipped and title passes to the customer. In most of the Company's PCC contracts, the price per ton is based upon the total number of tons sold to the customer during the year. Under those contracts the price billed to the customer for shipments during the year is based on periodic estimates of the total annual volume that will be sold to such customer. Revenues are adjusted at the end of each year to reflect the actual volume sold.

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### **MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Revenues from sales of equipment are recorded upon completion of installation and receipt of customer acceptance. Revenues from services are recorded when the services have been performed.

#### *Foreign Currency*

The assets and liabilities of most of the Company's international subsidiaries are translated into U.S. dollars using exchange rates at the respective balance sheet date. The resulting translation adjustments are recorded in accumulated other comprehensive income in shareholders' equity. Income statement items are generally translated at average exchange rates prevailing during the period. Other foreign currency gains and losses are included in net income. International subsidiaries operating in highly inflationary economies translate non-monetary assets at historical rates, while net monetary assets are translated at current rates, with the resulting translation adjustments included in net income.

#### Income Taxes

Income taxes are provided for based on the asset and liability method of accounting pursuant to SFAS No. 109, "Accounting for Income Taxes." Under SFAS No. 109, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The accompanying financial statements generally do not include a provision for U.S. income taxes on international subsidiaries' unremitted earnings, which, for the most part, are expected to be reinvested overseas.

#### Research and Development Expenses

Research and development expenses are expensed as incurred.

#### Stock-Based Compensation

The Company has elected to recognize compensation costs based on the intrinsic value of the equity instrument awarded as promulgated in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." The Company has disclosed in Note 2, "Stock-Based Compensation" the pro forma effect of the fair value method on net income and earnings per share.

#### Pension and Post-retirement Benefits

The Company has defined benefit pension plans covering the majority of its employees. The benefits are based on years of service and an employee's career earnings.

The Company also provides post-retirement healthcare benefits for the majority of its retirees and employees in the United States. The Company measures the costs of its obligation based on its best estimate. The net periodic costs are recognized as employees render the services necessary to earn the post-retirement benefits.

#### Environmental

Expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when it is probable the Company will be obligated to pay amounts for environmental site evaluation, remediation or related costs, and such amounts can be reasonably estimated.

#### Earnings Per Share

Basic earnings per share have been computed based upon the weighted average number of common shares outstanding during the period.

Diluted earnings per share have been computed based upon the weighted average number of common shares outstanding during the period assuming the issuance of common shares for all potentially dilutive common shares outstanding.

#### Reclassifications

Certain reclassifications have been made to prior-year amounts to conform with the current year presentation.

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### MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### Note 2. Stock-Based Compensation

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of SFAS No. 123." This statement amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation, and requires additional disclosures in interim and annual financial statements. SFAS No. 123 requires the disclosure of pro forma net income and net income per share as if the Company adopted the fair value method of accounting for stock-based awards.

In December 2004, the FASB issued SFAS 123-R, "Share-Based Payment." This statement replaces Statement 123 and supersedes APB Opinion 25 covering a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. It will require companies to recognize the compensation costs relating to share-based payments to their employees in their financial statements. This statement will be effective for fiscal periods beginning after June 15, 2005. Due to the timing of the release of SFAS No. 123R, the Company has not yet completed the analysis of the ultimate impact that this new pronouncement will have on its results of operations.

The fair value of stock-based awards to employees was calculated using the Black-Scholes option-pricing model, modified for dividends, with the following weighted average assumptions:

	2004	2003	2002
Expected life (years)	7	7	7
Interest rate	3.94%	3.74%	3.27%
Volatility	29.58%	30.61%	31.21%
Expected dividend yield	0.37%	0.21%	0.21%

As required by SFAS No. 123, the Company has determined that the weighted average estimated fair values of options granted in 2004, 2003 and 2002 were \$20.73, \$18.86 and \$18.30 per share, respectively. Pro forma net income for the fair value of stock options awarded in 2004, 2003 and 2002 were as follows:

#### (millions of dollars, except per share amounts)

	2004	2003	2002
Income before cumulative effect of accounting change, as reported	\$ 58.6	\$ 51.7	\$ 53.8
Add: Stock-based employee compensation included in reported income			
before accounting change, net of tax effects	0.3	0.1	--
Deduct: Total stock-based employee compensation expense determined under			
fair value based method for all awards, net of related tax effects	(2.7)	(2.2)	(2.2)
Pro forma income before cumulative effect of accounting change	56.2	49.6	51.6
Cumulative effect of accounting change	--	(3.4)	--
Pro forma net income	\$ 56.2	\$ 46.2	\$ 51.6
Net income, as reported	\$ 58.6	\$ 48.2	\$ 53.8

#### Basic EPS

Income before cumulative effect of accounting change, as reported	\$ 2.85	\$ 2.56	\$ 2.66
Pro forma income before cumulative effect of accounting change	2.73	2.45	2.55
Pro forma net income	2.73	2.29	2.55

Net income, as reported	2.85	2.39	2.66
<b>Diluted EPS</b>			
Income before cumulative effect of accounting change, as reported	\$ 2.82	\$ 2.53	\$ 2.61
Pro forma income before cumulative effect of accounting change	2.72	2.43	2.51
Pro forma net income	2.72	2.26	2.51
Net income, as reported	2.82	2.36	2.61

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**MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 3. Earnings Per Share (EPS)**

(thousand of dollars, except per share amounts)

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Income before cumulative effect of accounting change	\$ 58,563	\$ 51,653	\$ 53,752
Cumulative effect of accounting change	--	(3,433)	--
Net income	<u>\$ 58,563</u>	<u>\$ 48,220</u>	<u>\$ 53,752</u>
Weighted average shares outstanding	20,530	20,208	20,199
Basic earnings per share before cumulative effect of accounting change	\$ 2.85	\$ 2.56	\$ 2.66
Cumulative effect of accounting change	--	(0.17)	--
Basic earnings per share	<u>\$ 2.85</u>	<u>\$ 2.39</u>	<u>\$ 2.66</u>
<b>Diluted EPS</b>			
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Income before cumulative effect of accounting change	\$ 58,563	\$ 51,653	\$ 53,752
Cumulative effect of accounting change	--	(3,433)	--
Net income	<u>\$ 58,563</u>	<u>\$ 48,220</u>	<u>\$ 53,752</u>
Weighted average shares outstanding	20,530	20,208	20,199
Dilutive effect of stock options	239	223	370
Weighted average shares outstanding, adjusted	<u>20,769</u>	<u>20,431</u>	<u>20,569</u>
Diluted earnings per share before cumulative effect of accounting change	\$ 2.82	\$ 2.53	\$ 2.61
Cumulative effect of accounting change	--	(0.17)	--
Diluted earnings per share	<u>\$ 2.82</u>	<u>\$ 2.36</u>	<u>\$ 2.61</u>

The weighted average diluted common shares outstanding for the year ending December 31, 2002 excludes the dilutive effect of approximately 445,000 options since such options had an exercise price in excess of the average market value of the Company's common stock during such year.

**Note 4. Income Taxes**

Income before provision for taxes and minority interests, by domestic and foreign source is as follows:

<b>Thousands of Dollars</b>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Domestic	\$ 42,070	\$ 32,853	\$ 44,768
Foreign	42,502	39,491	30,966
Total income before provision for income taxes	<u>\$ 84,572</u>	<u>\$ 72,344</u>	<u>75,734</u>

The provision for taxes on income consists of the following:

<b>Thousands of Dollars</b>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Domestic</b>			
Taxes currently payable			
Domestic			
Federal	\$ 13,406	\$ 2,326	\$ 5,797
State and local	3,483	1,281	179
Deferred income taxes	(3,890)	4,036	5,873
Domestic tax provision	<u>12,999</u>	<u>7,643</u>	<u>11,849</u>
<b>Foreign</b>			
Taxes currently payable	15,480	10,424	11,601
Deferred income taxes	(4,180)	1,049	(3,230)
Foreign tax provision	<u>11,300</u>	<u>11,473</u>	<u>8,371</u>
Total tax provision	<u>\$ 24,299</u>	<u>\$ 19,116</u>	<u>20,220</u>

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**MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The provision for taxes on income shown in the previous table is classified based on the location of the taxing authority, regardless of the location in which the taxable income is generated.

The major elements contributing to the difference between the U.S. federal statutory tax rate and the consolidated effective tax rate are as follows:

Percentages	2004	2003	2002
U.S. statutory tax rate	35.0%	35.0%	35.0%
Depletion	(4.1)	(5.5)	(4.7)
Difference between tax provided on foreign earnings and the U.S. statutory rate	(3.5)	(3.3)	(3.2)
State and local taxes, net of Federal tax benefit	1.0	0.8	1.4
Tax credits and foreign dividends	(0.1)	2.3	(0.9)
Contribution of technology	--	(2.5)	--
Other	0.4	(0.4)	(0.9)
Consolidated effective tax rate	<u>28.7%</u>	<u>26.4%</u>	<u>26.7%</u>

The Company believes that its accrued liabilities are sufficient to cover its U.S. and foreign tax contingencies. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

Thousands of Dollars	2004	2003
Deferred tax assets:		
State and local taxes	\$ 4,115	\$ 4,218
Accrued expenses	8,052	2,432
Deferred expenses	5,247	5,425
Net operating loss carry forwards	16,452	9,339
Other	6,284	4,520
Total deferred tax assets	<u>40,150</u>	<u>25,934</u>
Deferred tax liabilities:		
Plant and equipment, principally due to differences in depreciation	62,628	61,172
Pension and post-retirement benefits cost deducted for tax purposes in excess of amounts reported for financial statements	12,486	8,441
Other	4,564	2,938
Total deferred tax liabilities	<u>79,678</u>	<u>72,551</u>
Net deferred tax liabilities	<u>\$ 39,528</u>	<u>\$ 46,617</u>

The current and long-term portion of net deferred tax (assets) liabilities is as follows:

Thousands of Dollars	2004	2003
Net deferred tax assets, current	\$ (5,710)	\$ (1,440)
Net deferred tax liabilities, long-term	45,238	48,057
	<u>\$ 39,528</u>	<u>\$ 46,617</u>

The current portion of the net deferred tax assets is included in prepaid expenses and other current assets.

A valuation allowance for deferred tax assets has not been recorded since management believes it is more likely than not that the existing net deductible temporary differences will reverse during periods in which the Company generates net taxable income.

The Company recorded \$16.5 million of deferred tax assets arising from tax loss carry forwards which will be realized through future operations. Carry forwards of approximately \$2.7 million expire over the next 15 years, and \$13.7 million can be utilized over an indefinite period.

Net cash paid for income taxes were \$15.3 million, \$15.6 million and \$14.6 million for the years ended December 31, 2004, 2003, and 2002, respectively.

**MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 5. Foreign Operations**

The Company has not provided for U.S. federal and foreign withholding taxes on \$124.9 million of foreign subsidiaries' undistributed earnings as of December 31, 2004 because such earnings for the most part are intended to be reinvested overseas. To the extent the parent company has received foreign earnings as dividends, the foreign taxes paid on those earnings have generated tax credits, which have substantially offset related U.S. income taxes. On repatriation, certain foreign countries impose withholding taxes. The amount of withholding tax that would be payable on remittance of the entire amount of undistributed earnings would approximate \$5.1 million.

On October 22, 2004, the American Jobs Creation Act of 2004 (AJCA) was signed into law. The AJCA includes a special one-time 85% dividends received deduction for certain foreign earnings that are repatriated. The Company is currently evaluating the effects of the repatriation provision; however, we do not expect to be able to complete this evaluation until after Congress or the Treasury Department provides additional clarifying language on certain key elements of the provision. We expect to complete our evaluation of the effects of the repatriation provision within a reasonable period of time following the publication of the additional clarifying language. The Company estimates the potential income tax effect of any such repatriation would be to

record a tax liability based on the effective 5.25% rate provided by the AJCA. The actual income tax impact to the Company will become determinable once further technical guidance has been issued.

Net foreign currency exchange (losses) gains, included in non-operating deductions in the Consolidated Statements of Income, were \$(567,000), \$476,000 and \$233,000 for the years ended December 31, 2004, 2003 and 2002, respectively.

#### Note 6. Inventories

The following is a summary of inventories by major category:

Thousands of Dollars	<u>2004</u>	<u>2003</u>
Raw materials	\$ 45,333	\$ 34,132
Work in process	7,078	8,153
Finished goods	33,733	25,998
Packaging and supplies	<u>19,981</u>	<u>18,095</u>
Total inventories	<u>\$ 106,125</u>	<u>\$ 86,378</u>

#### Note 7. Property, Plant and Equipment

The major categories of property, plant and equipment and accumulated depreciation and depletion are presented below:

Thousands of Dollars	<u>2004</u>	<u>2003</u>
Land	\$ 20,942	\$ 19,873
Quarries/mining properties	50,126	49,770
Buildings	160,719	151,923
Machinery and equipment	887,596	837,659
Construction in progress	108,385	54,899
Furniture and fixtures and other	<u>102,408</u>	<u>95,826</u>
	1,330,176	1,209,950
Less: Accumulated depreciation and depletion	<u>(715,891)</u>	<u>(648,362)</u>
Property, plant and equipment, net	<u>\$ 614,285</u>	<u>\$ 561,588</u>

Approximately 60% of the balance in construction in progress as of December 31, 2004 relates to the construction of new facilities in Germany and China.

#### Note 8. Restructuring Charges

During the fourth quarter of 2003, the Company announced plans to restructure its operations in an effort to reduce operating costs and to improve efficiency. The restructuring resulted in a total workforce reduction of approximately 70 people or three percent of the Company's worldwide workforce. The Company recorded a pre-tax restructuring charge of \$3.3 million in the fourth quarter of 2003 to reflect these actions. This charge consisted of severance, other employee benefits, and lease termination costs. During 2004, additional costs related to this program of \$1.1 million were recorded. As of December 31, 2004, all employees identified in the workforce reduction were terminated and no liability remains to be paid.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### Note 9. Acquisitions

In the fourth quarter of 2004, the Company recognized pre-tax corporate charges of \$1.0 million expense related to due diligence for a terminated acquisition effort.

On September 15, 2003, the Company purchased for approximately \$2.0 million a pre-cast refractory shapes manufacturing facility.

In 2002, the Company acquired the following three entities for a total cash cost of \$34.1 million:

- On February 6, 2002, the Company purchased a PCC manufacturing facility in Hermalle-sous-Huy, Belgium, for approximately \$10.2 million. The Company acquired this facility to accelerate the development of its European coating PCC program. The terms of the acquisition also provide for additional consideration of \$1.0 million to be paid if certain volumes of coating PCC are produced and shipped from this facility for any six consecutive months within five years following the acquisition.
- On April 26, 2002, the Company acquired for approximately \$1.4 million the assets of a company that develops and manufactures a refractory lining monitoring system.
- On September 9, 2002, the Company acquired the business and assets of Polar Minerals Inc., a privately owned producer of industrial minerals in the Midwest United States, for approximately \$22.5 million.

#### Note 10. Goodwill and Other Intangible Assets

The carrying amount of goodwill was \$53.7 million and \$52.7 million as of December 31, 2004 and December 31, 2003, respectively. The net change in goodwill since January 1, 2004 was primarily attributable to the effect of foreign exchange.

Acquired intangible assets subject to amortization as of December 31, 2004 and December 31, 2003 were as follows:

(Millions of Dollars)	<u>December 31, 2004</u>		<u>December 31, 2003</u>	
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>

Patents and trademarks	\$ 5.8	\$ 1.2	\$ 5.8	\$ 0.9
Customer lists	1.4	0.3	1.4	0.2
Other	0.2	0.1	0.2	0.1
	<u>\$ 7.4</u>	<u>\$ 1.6</u>	<u>\$ 7.4</u>	<u>\$ 1.2</u>

The weighted average amortization period for acquired intangible assets subject to amortization is approximately 15 years. Amortization expense was \$0.4 million in 2004 and the estimated amortization expense is \$0.4 million for each of the next five years through 2009.

Included in other assets and deferred charges is an intangible asset of approximately \$11.1 million which represents the non-current unamortized amount paid to a customer in connection with contract extensions at eight PCC satellite facilities. In addition, a current portion of \$1.8 million is included in prepaid expenses and other current assets. Such amounts will be amortized as a reduction of sales over the remaining lives of the customer contracts. Approximately \$1.8 million was amortized in 2004. Estimated amortization as a reduction of sales is as follows: 2005 - \$1.8 million; 2006 - \$1.8 million; 2007 - \$1.8 million; 2008 - \$1.8 million; 2009 - \$1.5 million; with smaller reductions thereafter over the remaining lives of the contracts.

#### Note 11. Accounting for Impairment of Long-Lived Assets

The Company accounts for impairment of long-lived assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 establishes a uniform accounting model for disposition of long-lived assets. This statement also requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. During 2004, there was no charge for impairment. During 2003, the Company recorded a writedown of

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### MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

impaired assets of \$3.2 million for the planned closure of a plant and for assets made obsolete by improved technology. During 2002, the Company recorded a writedown of impaired assets of \$0.8 million for a PCC plant at a paper mill that had ceased operations.

#### Note 12. Derivative Instruments and Hedging Activities

The Company is exposed to foreign currency exchange rate fluctuations and interest rate changes in the normal course of its business. As part of the Company's risk management strategy, the Company uses interest-rate related derivative instruments to manage its exposure on its debt instruments, as well as forward exchange contracts (FEC) to manage its exposure to foreign currency risk on certain raw material purchases. The Company's objective is to offset gains and losses resulting from these exposures with gains and losses on the derivative contracts used to hedge them. The Company has not entered into derivative instruments for any purpose other than to hedge certain expected cash flows. The Company does not speculate using derivative instruments.

By using derivative financial instruments to hedge exposures to change in interest rates and foreign currency, the Company exposes itself to credit risk and market risk. Credit risk is the risk that the counterparty will fail to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk for the company. When the fair value of a derivative contract is negative, the Company owes the counterparty, and therefore, it does not face any credit risk. The company minimizes the credit risk in derivative instruments by entering into transactions with major financial institutions.

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates, currency exchange rates, or commodity prices. The market risk associated with interest rate and forward exchange contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

Based on criteria established by SFAS No. 133, the Company designated its derivatives as a cash flow hedge. During 2001, the Company entered into three-year interest rate swap agreements with notional amounts totaling \$30 million that expired in January 2005. These agreements effectively converted a portion of the Company's floating-rate debt to a fixed-rate basis with an interest rate of 4.5%, thus reducing the impact of the interest rate changes on future cash flows and income. The company uses FEC designated as cash flow hedges to protect against foreign currency exchange rate risks inherent in its forecasted inventory purchases. The Company had 14 open foreign exchange contracts at December 31, 2004.

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instrument is initially recorded in accumulated other comprehensive income as a separate component of shareholders' equity and subsequently reclassified into earnings in the period during which the hedged transaction is recognized in earnings. The gains and losses associated with these forward exchange contracts and interest rate swaps are recognized into cost of sales and interest expense, respectively.

#### Note 13. Short-term Investments

The composition of the Company's short-term investments are as follows:

(in thousands of dollars)	2004	2003
Available for Sale Securities:		
Municipal bonds, with short-term auction rate pricing	\$ 7,200	\$ --

There were no unrealized holding gains and losses on available for sale securities held at December 31, 2004 due to the short-term auction rate pricing mechanism.

#### Note 14. Financial Instruments and Concentrations of Credit Risk

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

*Cash and cash equivalents, short-term investments, accounts receivable and payable, and accrued liabilities:* The carrying amounts approximate fair value because of the short maturities of these instruments.

*Short-term debt and other liabilities:* The carrying amounts of short-term debt and other liabilities approximate fair value because of the short maturities of these instruments.

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**MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES**  
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*Long-term debt:* The fair value of the long-term debt of the Company is estimated based on the quoted market prices for that debt or similar debt and approximates the carrying amount.

*Forward exchange contracts:* The fair value of forward exchange contracts (used for hedging purposes) is estimated by obtaining quotes from brokers. If appropriate, the Company would enter into forward exchange contracts to mitigate the impact of foreign exchange rate movements on the Company's operating results. It does not engage in speculation. Such foreign exchange contracts would offset losses and gains on the assets, liabilities and transactions being hedged. At December 31, 2004, the Company had open foreign exchange contracts to purchase \$5.8 million of foreign currencies. These contracts range in maturity from January 21, 2005 to June 23, 2005. The fair value of these instruments was a liability of \$0.6 million at December 31, 2004. The fair value of the open foreign exchange contracts at December 31, 2003 was an asset of \$0.1 million.

*Interest rate swap agreements:* The Company enters into interest rate swap agreements as a means to hedge its interest rate exposure on debt instruments. At December 31, 2004, the Company had 2 interest rate swaps with major financial institutions that effectively converted variable-rate debt to a fixed rate. One swap has a notional amount of \$20 million and the other swap has a notional amount of \$10 million. These swap agreements were under three-year terms which expired in January 2005, whereby the Company pays 4.50% and receives a three-month LIBOR rate plus 45 basis points. The fair value of these instruments was determined based on the present value of the estimated future net cash flows using implied rates in the applicable yield curve as of the valuation date. The fair value of these instruments was a liability of approximately \$0.1 million and \$1.0 million at December 31, 2004 and December 31, 2003, respectively.

*Credit risk:* Substantially all of the Company's accounts receivable are due from companies in the paper, construction and steel industries. Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contracts. The Company regularly monitors its credit risk exposures and takes steps to mitigate the likelihood of these exposures resulting in actual loss. The Company's extension of credit is based on an evaluation of the customer's financial condition and collateral is generally not required.

The Company's bad debt expense for the years ended December 31, 2004, 2003 and 2002 was \$1.6 million, \$5.3 million and \$6.2 million, respectively.

**Note 15. Long-Term Debt and Commitments**

The following is a summary of long term debt:

<b>(thousands of dollars)</b>	<b>Dec. 31, 2004</b>	<b>Dec. 31, 2003</b>
7.49% Guaranteed Senior Notes Due July 24, 2006	\$ 50,000	\$ 50,000
Yen-denominated Guaranteed Credit Agreement		
Due March 31, 2007	6,316	8,256
Variable/Fixed Rate Industrial		
Development Revenue Bonds Due 2009	4,000	4,000
Economic Development Authority Refunding		
Revenue Bonds Series 1999 Due 2010	4,600	4,600
Variable/Fixed Rate Industrial		
Development Revenue Bonds Due August 1, 2012	8,000	8,000
Variable/Fixed Rate Industrial		
Development Revenue Bonds Series 1999 Due November 1, 2014	8,200	8,200
Variable/Fixed Rate Industrial		
Development Revenue Bonds Due March 31, 2020	5,000	5,000
Installment obligations	10,551	11,368
Other borrowings	2,061	1,910
Total	<u>98,728</u>	<u>101,334</u>
Less: Current maturities	<u>3,917</u>	<u>3,175</u>
Long-term debt	<u>\$ 94,811</u>	<u>\$ 98,159</u>

On July 24, 1996, through a private placement, the Company issued \$50 million of 7.49% Guaranteed Senior Notes due July 24, 2006. The proceeds from the sale of the notes were used to refinance a portion of the short-term commercial bank debt outstanding. No required principal payments are due until July 24, 2006. Interest on the notes is payable semi-annually.

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**MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES**  
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On May 17, 2000, the Company's majority-owned subsidiary, Specialty Minerals FMT K.K., entered into a Yen-denominated Guaranteed Credit Agreement with the Bank of New York due March 31, 2007. The proceeds were used to finance the construction of a PCC satellite facility in Japan. Principal payments began June 30, 2002. Interest is payable quarterly at a rate of 2.05% per annum.

The Variable/Fixed Rate Industrial Development Revenue Bonds due 2009 are tax-exempt 15-year instruments issued to finance the expansion of a PCC plant in Selma, Alabama. The bonds are dated November 1, 1994, and provide for an optional put by the holder (during the Variable Rate Period) and a mandatory call by the issuer. The bonds bear interest at either a variable rate or fixed rate at the option of the Company. Interest is payable semi-annually under the fixed rate option and monthly under the variable rate option. The Company has selected the variable rate option on these borrowings and the average interest rates were approximately 1.34% and 1.18% for the years ended December 31, 2004 and 2003, respectively.

The Economic Development Authority Refunding Revenue Bonds due 2010 were issued on February 23, 1999 to refinance the bonds issued in connection with the construction of a PCC plant in Eastover, South Carolina. The bonds bear interest at either a variable rate or fixed rate, at the option of the Company. Interest is payable semi-annually under the fixed rate option and monthly under the variable rate option. The Company has selected the variable rate option on these borrowings and the average interest rates were approximately 1.34% and 1.16% for the years ended December 31, 2004 and 2003, respectively.

The Variable/Fixed Rate Industrial Development Revenue Bonds due August 1, 2012 are tax-exempt 15-year instruments that were issued on August 1, 1997 to finance the construction of a PCC plant in Courtland, Alabama. The bonds bear interest at either a variable rate or fixed rate, at the option of the Company. Interest is payable semi-annually under the fixed rate option and monthly under the variable rate option. The Company has selected the variable rate option on these borrowings and the average interest rates were approximately 1.34% and 1.16% for the years ended December 31, 2004 and 2003, respectively.

The Variable/Fixed Rate Industrial Development Revenue Bonds due November 1, 2014 are tax-exempt 15-year instruments and were issued on November 30, 1999 to refinance the bonds issued in connection with the construction of a PCC plant in Jackson, Alabama. The bonds bear interest at either a variable rate or fixed rate at the option of the Company. Interest is payable semi-annually under the fixed rate option and monthly under the variable rate option. The Company has selected the variable rate option on these borrowings and the average interest rates were approximately 1.34% and 1.16% for the years ended December 31, 2004 and 2003, respectively.

On June 9, 2000 the Company entered into a twenty-year, taxable, Variable/Fixed Rate Industrial Development Revenue Bond agreement to finance a portion of the construction of a merchant manufacturing facility for the production of Specialty PCC in Mississippi. The Company has selected the variable rate option for this borrowing and the average interest rate was approximately 1.81% and 1.65% for the years ended December 31, 2004 and 2003, respectively.



On May 31, 2003, the Company acquired land and limestone ore reserves from the Cushenbury Mine Trust for approximately \$17.5 million. Approximately \$6.1 million was paid at the closing and \$11.4 million was financed through an installment obligation. The average interest rate on this obligation is approximately 4.25%. For the year ending December 31, 2004, \$0.8 million of principal was paid on this debt. Principal payments are as follows: 2005 - \$0.9 million; 2006 - \$0.9 million; 2007 - \$0.9 million; 2008 - \$6.5 million; 2013 - \$1.4 million.

The aggregate maturities of long-term debt are as follows: 2005 - \$3.9 million; 2006 - \$54.2 million; 2007 - \$2.1 million; 2008 - \$7.0 million; 2009 - \$4.3 million; thereafter - \$27.2 million.

The Company had available approximately \$110 million in uncommitted, short-term bank credit lines, of which \$30 million was in use at December 31, 2004.

During 2004, 2003 and 2002, respectively, the Company incurred interest costs of \$6.3 million, \$6.2 million and \$6.4 million including \$2.1 million, \$0.8 million and \$0.6 million, respectively, which were capitalized. Interest paid approximated the incurred interest cost.

#### Note 16. Benefit Plans

##### Pension Plans and Other Postretirement Benefit Plans

The Company and its subsidiaries have pension plans covering the majority of eligible employees on a contributory or non-contributory basis.

Benefits under defined benefit plans are generally based on years of service and an employee's career earnings. Employees generally become fully vested after five years.

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### MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company provides postretirement health care and life insurance benefits for the majority of its U.S. retired employees. Employees are generally eligible for benefits upon retirement and completion of a specified number of years of creditable service. The Company does not pre-fund these benefits and has the right to modify or terminate the plan in the future.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 became law in December 2003 and introduced both a Medicare prescription-drug benefit and a federal subsidy to sponsors of retiree health care plans that provide a benefit at least "actuarially equivalent" to the Medicare benefit. The Company has preliminarily concluded that the plan's benefits will not be considered actuarially equivalent to the benefits provided by Medicare Part D due to the existence of an annual maximum on combined medical and prescription drug benefits. Therefore, the Company will presently not be eligible for a 28% subsidy on allowable prescription drug costs per covered retiree starting 2006. The Company is currently reviewing the prescription drug coverage offered by the plan. Changes in plan design, if any, will be reflected when they are adopted.

The funded status of the Company's pension plans and other postretirement benefit plans at December 31, 2004 and 2003 is as follows:

##### Obligations and Funded Status

Millions of Dollars	Pension Benefits		Other Benefits	
	2004	2003	2004	2003
<b>Change in benefit obligation</b>				
Benefit obligation at beginning of year	\$ 142.7	\$ 125.8	\$ 26.9	\$ 24.3
Service cost	6.4	5.7	1.3	1.2
Interest cost	8.5	7.9	1.8	1.6
Actuarial gain	9.0	7.9	4.3	2.2
Benefits paid	(13.7)	(6.2)	(2.6)	(2.4)
Other	3.5	1.6	--	--
Benefit obligation at end of year	<u>\$ 156.4</u>	<u>\$ 142.7</u>	<u>\$ 31.7</u>	<u>\$ 26.9</u>

Millions of Dollars	2004	2003	2004	2003
<b>Change in plan assets</b>				
Fair value of plan assets beginning of year	\$ 152.7	\$ 111.4	\$ --	\$ --
Actual return on plan assets	14.7	22.8	--	--
Employer contributions	17.6	20.8	2.6	2.4
Plan participants' contributions	0.3	0.2	--	--
Benefits paid	(13.7)	(6.2)	(2.6)	(2.4)
Other	2.3	3.7	--	--
Fair value of plan assets at end of year	<u>\$ 173.9</u>	<u>\$ 152.7</u>	<u>\$ --</u>	<u>\$ --</u>
Funded status	\$ 17.5	\$ 10.0	\$ (31.7)	\$ (26.9)
Unrecognized transition amount	(0.1)	(0.1)	--	--
Unrecognized net actuarial loss	36.0	31.3	10.3	6.4
Unrecognized prior service cost	4.5	4.6	--	--
Prepaid (accrued) benefit cost	<u>\$ 57.9</u>	<u>\$ 45.8</u>	<u>\$ (21.4)</u>	<u>\$ (20.5)</u>

Amounts recognized in the consolidated balance sheet consist of:

Millions of Dollars	Pension Benefits		Other Benefits	
	2004	2003	2004	2003
Prepaid expenses	\$ --	\$ 4.3	\$ --	\$ --
Prepaid benefit costs	61.6	46.3	--	--
Accrued benefit liabilities	(6.9)	(7.3)	(21.4)	(20.5)
Intangible asset	1.0	1.1	--	--
Accumulated other comprehensive loss	2.2	1.4	--	--
Net amount recognized	<u>\$ 57.9</u>	<u>\$ 45.8</u>	<u>\$ (21.4)</u>	<u>\$ (20.5)</u>

**MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES**  
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Information for pension plans with an accumulated benefit obligation in excess of plan assets:

Millions of Dollars	December 31,	
	2004	2003
Projected benefit obligation	\$ 33.5	\$ 33.6
Accumulated benefit obligation	\$ 40.7	\$ 29.3
Fair value of plan assets	\$ 22.7	\$ 23.8

The accumulated benefit obligation for all defined benefit pension plans was \$156.4 million and \$142.7 million at December 31, 2004 and 2003, respectively.

The components of net periodic benefit costs are as follows:

Millions of Dollars	Pension Benefits			Other Benefits		
	2004	2003	2002	2004	2003	2002
Service cost	\$ 6.4	\$ 5.7	\$ 5.1	\$ 1.4	\$ 1.2	\$ 1.1
Interest cost	8.5	7.9	7.3	1.8	1.6	1.5
Expected return on plan assets	(12.5)	(10.1)	(9.0)	--	--	--
Amortization of transition amount	0.1	0.1	0.1	--	--	--
Amortization of prior service cost	0.7	0.6	0.5	--	0.1	(0.4)
Recognized net actuarial loss	1.7	2.3	0.8	0.5	--	--
SFAS No. 88 settlement	0.6	--	--	--	--	--
Net periodic benefit cost	<u>\$ 5.5</u>	<u>\$ 6.5</u>	<u>\$ 4.8</u>	<u>\$ 3.7</u>	<u>\$ 2.9</u>	<u>\$ 2.2</u>

Unrecognized prior service cost is amortized on an accelerated basis over the average remaining service period of each active employee.

Under the provisions of SFAS No. 88, lump sum distributions from the Company's Supplemental Retirement Plan caused a partial settlement of such plan, resulting in a charge of \$0.6 million in 2004.

The Company's funding policy for U.S. plans generally is to contribute annually into trust funds at a rate that is intended to remain at a level percentage of compensation for covered employees. The funding policy for the international plans conform to local governmental and tax requirements. The plans' assets are invested primarily in stock and bonds.

*Additional Information*

The weighted average assumptions used in the accounting for the pension benefit plans and other benefit plans as of December 31 are as follows:

	2004	2003	2002
Discount rate	6.00 %	6.25 %	6.75 %
Expected return on plan assets	8.50 %	8.75 %	8.75 %
Rate of compensation increase	3.50 %	3.50 %	3.50 %

The Company considers a number of factors to determine its expected rate of return on plan assets assumptions, including historical performance of plan assets, asset allocation and other third-party studies and surveys. The Company reviewed the historical performance of plan assets over a ten-year period (from 1993 to 2003), the results of which exceed the 8.50% rate of return assumption that the Company ultimately selected for domestic plans. The Company also considered the plan portfolio's asset allocations over a variety of time periods and compared them with third-party studies and surveys of annualized returns of similarly balanced portfolio strategies. The historical return of this universe of similar portfolios also exceeded the return assumption that the Company ultimately selected. Finally, the Company reviewed performance of the capital markets in recent years and, upon advice from various third parties, such as the pension plans' advisers, investment managers and actuaries, selected the 8.50% return assumption used for domestic plans.

For measurement purposes, health care cost trend rates of approximately 10% for pre-age-65 and post-age-65 benefits were used in 2004. These trend rates were assumed to decrease gradually to 5.0% for 2010 and remain at that level thereafter.

**MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES**  
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A one percentage-point change in assumed health care cost trend rates would have the following effects:

Thousands of Dollars	1-Percentage Point Increase	1-Percentage Point Decrease
Effect on total service and interest cost components	\$ 10	\$ (9)
Effect on postretirement benefit obligations	\$187	\$(162)

*Plan Assets*

The Company's pension plan weighted average asset allocations at December 31, 2004 and 2003 by asset category are as follows:

Asset Category	2004	2003
Equity securities	67.3 %	68.9 %
Fixed income securities	30.6 %	30.1 %
Real estate	0.5 %	0.4 %
	1.6	0.6

Other	%	%
Total	<u>100%</u>	<u>100%</u>

The following table presents domestic and foreign pension plan assets information at December 31, 2004, 2003 and 2002 (the measurement date of pension plan assets):

Millions of Dollars	U.S. Plans			International Plans		
	2004	2003	2002	2004	2003	2002
Fair value of plan assets	\$ 139.3	\$ 123.5	\$ 87.6	34.6	\$ 29.2	\$ 23.7

#### Contributions

The Company expects to contribute \$10 million to its pension plan and \$3 million to its other postretirement benefit plan in 2005.

#### Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Millions of Dollars	Pension Benefits	Other Benefits
2005	\$ 6.6	\$ 1.8
2006	\$ 6.8	\$ 1.9
2007	\$ 7.9	\$ 2.0
2008	\$ 8.3	\$ 2.1
2009	\$ 10.3	\$ 2.2
2010 - 2014	\$ 63.8	\$ 13.6

#### Investment Strategies

The Plan Assets Committee has adopted an investment policy for domestic pension plan assets designed to meet or exceed the expected rate of return on plan assets assumption. To achieve this, the pension plans retain professional investment managers that invest plan assets, primarily in equity and fixed income securities. The Company has targeted an investment mix of 65% in equity securities and 35% in fixed income securities.

#### Savings and Investment Plans

The Company maintains a voluntary Savings and Investment Plan for most non-union employees in the U.S. Within prescribed limits, the Company bases its contribution to the Plan on employee contributions. The Company's contributions amounted to \$3.1 million, \$3.0 million and \$2.9 million for the years ended December 31, 2004, 2003 and 2002, respectively.

#### Notes 17. Leases

The Company has several non-cancelable operating leases, primarily for office space and equipment. Rent expense amounted to approximately \$4.1 million, \$4.0 million and \$4.6 million for the years ended December 31, 2004, 2003 and 2002, respectively. Total future minimum rental commitments under all non-cancelable leases for each of the years 2005 through 2009 and in aggregate

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### MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

thereafter are approximately \$3.8 million, \$2.6 million, \$2.3 million, \$2.0 million, and \$1.8 million respectively and \$7.9 million thereafter.

Total future minimum payments to be received under direct financing leases for each of the years 2005 through 2009 and the aggregate thereafter are approximately: \$3.4 million, \$2.7 million, \$2.1 million, \$1.6 million, \$0.9 million, and \$2.4 million thereafter.

#### Note 18. Litigation

On June 15, 2004, the Company filed suit against Switzerland-based Omya AG for patent infringement seeking injunctive relief and damages in the United States District Court for the Southern District of New York. The suit alleges that Omya and its subsidiaries have infringed, are inducing the infringement of, or are contributing to the infringement of two patents held by the Company covering the use of calcium carbonate in the manufacture of acidic paper. The Company's technology is commonly referred to as acid tolerant technology and is commercialized by its wholly-owned subsidiary, Specialty Minerals Inc., through its AT<sup>®</sup> PCC. Minerals Technologies argues that its business has been, and continues to be, damaged by this alleged infringement.

On December 30, 2004 and January 4, 2005, two subsidiaries of OMYA AG filed a lawsuit against the Company in the Specialized Section for Industrial Law of the Court of Turin in Turin, Italy, seeking a declaratory judgment that they have not committed acts of unfair competition against the Company and that two of the Company's European patents are invalid and not infringed by certain OMYA calcium carbonate products. One of the two European patents in this case is the counterpart of the two United States patents at issue in the Company's June 15, 2004 suit described above. This matter currently is in a preliminary stage.

As previously reported, certain of the Company's subsidiaries are among numerous defendants in a number of cases seeking damages for exposure to silica or to asbestos containing materials. Most of these claims do not provide adequate information to assess their merits, the likelihood that the Company will be found liable, or the magnitude of such liability if any. Additional claims of this nature may be made against the Company or its subsidiaries. At this time, management anticipates that the amount of the Company's liability, if any, and the cost of defending such claims, will not have a material effect on its financial position or results of operations.

#### Environmental Matters

As previously reported, on April 9, 2003, the Connecticut Department of Environmental Protection issued an administrative consent order relating to our Canaan, Connecticut, plant where both the Refractories segment and Specialty Minerals segment have operations. We agreed to the order which includes provisions requiring investigation and remediation of contamination associated with historic use of polychlorinated biphenyls (PCBs) at a portion of the site.

The following is the present status of the remediation efforts:

- **Building Decontamination.** We have completed the investigation of building contamination and submitted a report characterizing the contamination. We are awaiting review and approval of this report by the regulators. Based on the results of this investigation, we believe that the contamination may be adequately addressed by means of encapsulation through painting of exposed surfaces, pursuant to EPA's regulations and have accrued such liabilities as discussed below. However, this conclusion remains uncertain pending completion of the phased remediation decision process required by the regulations.

**Groundwater.** We are still conducting investigations of potential groundwater contamination. To date, the results of

- investigation indicate that there is some oil contamination of the groundwater. We are conducting further investigations of the groundwater.
- *Soil.* We have completed the investigation of soil contamination and submitted a report characterizing contamination to the regulators. Based on the results of this investigation, we believe that the contamination may be left in place and monitored, pursuant to a site-specific risk assessment, which is underway. However, this conclusion is subject to completion of a phased remediation decision process required by applicable regulations.

We believe that the most likely form of remediation will be to leave existing contamination in place, encapsulate it, and monitor the effectiveness of the encapsulation.

We estimate that the cost of the likely remediation above would approximate \$200,000, and that amount has been recorded as a liability on our books and records.

The Company is evaluating options for upgrading the wastewater treatment facilities at its Adams, Massachusetts, plant. This work is being undertaken pursuant to an administrative consent order issued by the Massachusetts Department of Environmental Protection on June 18, 2002. The order required payment of a civil fine in the amount of eighteen thousand five hundred dollars (\$18,500), the investigation of options for ensuring that the facility's wastewater treatment ponds will not result in discharge to groundwater, and

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**MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

closure of a historic lime solids disposal area. The Company is committed to identifying appropriate improvements to the wastewater treatment system by 2007, and to implementing the improvements by June 1, 2012. Preliminary engineering reviews indicate that the estimated cost of these upgrades to operate this facility beyond 2012 may be between \$6 million to \$8 million. The Company estimates that remediation costs would approximate \$100,000, which has been accrued as of December 31, 2004.

The Company and its subsidiaries are not party to any other material pending legal proceedings, other than routine litigation incidental to their businesses.

**Note 19. Stockholders' Equity**

*Capital Stock*

The Company's authorized capital stock consists of 100 million shares of common stock, par value \$0.10 per share, of which 20,561,785 shares and 20,491,499 shares were outstanding at December 31, 2004 and 2003, respectively, and 1,000,000 shares of preferred stock, none of which were issued and outstanding.

*Cash Dividends*

Cash dividends of \$4.1 million or \$0.20 per common share were paid during 2004. In January 2005, a cash dividend of approximately \$1.0 million or \$0.05 per share, was declared, payable in the first quarter of 2005.

*Preferred Stock Purchase Rights*

Under the Company's Preferred Stock Purchase Rights Plan, each share of the Company's common stock carries with it one preferred stock purchase right. Subject to the terms and conditions set forth in the plan, the rights will become exercisable if a person or group acquires beneficial ownership of 15% or more of the Company's common stock or announces a tender or exchange offer that would result in the acquisition of 30% or more thereof. If the rights become exercisable, separate certificates evidencing the rights will be distributed, and each right will entitle the holder to purchase from the Company a new series of preferred stock, designated as Series A Junior Preferred Stock, at a predefined price. The rights also entitle the holder to purchase shares in a change-of-control situation. The preferred stock, in addition to a preferred dividend and liquidation right will entitle the holder to vote on a pro rata basis with the Company's common stock.

The rights are redeemable by the Company at a fixed price until 10 days or longer, as determined by the Board, after certain defined events or at any time prior to the expiration of the rights on September 13, 2009 if such events do not occur.

*Stock and Incentive Plan*

The Company has adopted a Stock Award and Incentive Plan (the "Plan"), which provides for grants of incentive and non-qualified stock options, stock appreciation rights, stock awards or performance unit awards. The Plan is administered by the Compensation Committee of the Board of Directors. Stock options granted under the Plan have a term not in excess of ten years. The exercise price for stock options will not be less than the fair market value of the common stock on the date of the grant, and each award of stock options will vest ratably over a specified period, generally three years.

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**MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The following table summarizes stock option and restricted stock activity for the Plan:

	Shares Available for Grant	Under Option		Restricted Stock	
		Shares	Weighted Average Exercised Price Per Share (\$)	Shares	Weighted Average Exercise Price Per Share (\$)
Balance January 1, 2002	1,542,546	2,620,153	34.43	--	--
Granted	(285,728)	285,728	46.92	--	--
Exercised	--	(977,363)	30.03	--	--
Canceled	20,335	(20,335)	50.83	--	--
Balance December 31, 2002	1,277,153	1,908,183	38.54	--	--
Granted	(110,290)	82,435	47.74	27,855	49.12
Exercised	--	(483,978)	32.92	--	--
Canceled	23,874	(23,874)	39.17	--	--
Balance December 31, 2003	1,190,737	1,482,766	40.85	27,855	49.12

Granted	(297,650)	270,750	54.09	26,900	50.59
Exercised	--	(363,300)	39.01	--	--
Canceled	23,998	(21,998)	46.25	(2,000)	49.12
Balance December 31, 2004	<u>917,085</u>	<u>1,368,218</u>	<u>43.87</u>	<u>52,755</u>	<u>49.88</u>

The following table summarizes information concerning Plan options at December 31, 2004:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding at 12/31/04	Weighted Average Remaining Contractual Term (Years)	Weighted Average Exercise Price	Number Exercisable at 12/31/04	Weighted Average Exercise Price
\$ 30.625 - \$ 39.531	766,521	4.3	\$ 38.39	757,688	\$ 38.39
\$ 42.070 - \$ 49.115	238,115	7.4	\$ 47.23	138,327	\$ 46.90
\$ 50.720 - \$ 66.000	363,582	8.4	\$ 53.21	86,555	\$ 50.79

#### Restricted Stock

The Company has granted certain corporate officers rights to receive shares of the Company's common stock under the Company's 2001 Stock Award and Incentive Plan (the 2001 Plan). The rights will be deferred for a specified number of years of service, subject to restrictions on transfer and other conditions. Upon issuance of the rights, a deferred compensation expense equivalent to the market value of the underlying shares on the date of the grant was charged to stockholders' equity and is being amortized over the estimated average deferral period of approximately 5 years. The Company granted 27,855 shares in 2003 and 26,900 shares in 2004 and 2,000 shares were forfeited in 2004. The compensation expense amortized with respect to the units was approximately \$0.5 million and \$0.1 million for years ended 2004 and 2003, respectively.

#### Note 20. Comprehensive Income

Comprehensive income includes changes in the fair value of certain financial derivative instruments that qualify for hedge accounting to the extent they are effective, the minimum pension liability and cumulative foreign currency translation adjustments.

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### MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table reflects the accumulated balances of other comprehensive income (loss):

Millions of Dollars	Currency Translation Adjustment	Minimum Pension Liability	Net Gain (Loss) On Cash Flow Hedges	Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2002	\$ (55.0)	\$ (0.5)	\$ 0.2	\$ (55.3)
Current year change	<u>22.2</u>	<u>(0.8)</u>	<u>(1.1)</u>	<u>20.3</u>
Balance at December 21, 2002	(32.8)	(1.3)	(0.9)	(35.0)
Current year change	<u>39.7</u>	<u>(1.4)</u>	<u>0.5</u>	<u>38.8</u>
Balance at December 31, 2003	6.9	(2.7)	(0.4)	3.8
Current year change	<u>34.0</u>	<u>(2.2)</u>	<u>0.1</u>	<u>31.8</u>
Balance at December 31, 2004	<u>\$ 40.9</u>	<u>\$ (4.9)</u>	<u>\$ (0.3)</u>	<u>\$ 35.6</u>

The income tax expense (benefit) associated with items included in other comprehensive income (loss) was approximately \$(0.2) million, \$0.8 million and \$(1.1) million for the years ended December 31, 2004, 2003, 2002, respectively.

#### Note 21. Accounting for Asset Retirement Obligations

Effective January 1, 2003, the Company adopted SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 establishes the financial accounting and reporting for obligations associated with the retirement of long-lived assets and the associated asset retirement costs. This statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset.

Upon adoption, the Company recorded a non-cash, after-tax charge to earnings of approximately \$3.4 million for the cumulative effect of this accounting change related to retirement obligations associated with the Company's PCC satellite facilities and its mining properties, both within the Specialty Minerals segment.

The following is a reconciliation of asset retirement obligations as of December 31, 2004:

#### Thousands of Dollars

Asset retirement liability, beginning of period	\$ 9,315
Accretion expense	720
Payment made	<u>(122)</u>
Asset retirement liability, end of period	<u>\$ 9,913</u>

The current portion of the liability of approximately \$0.3 million is included in other current liabilities. The long-term portion of the liability of approximately \$9.6 million is included in other noncurrent liabilities.

**Note 22. Segment and Related Information**

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company's operating segments are strategic business units that offer different products and serve different markets. They are managed separately and require different technology and marketing strategies.

The Company has two reportable segments: Specialty Minerals and Refractories. The Specialty Minerals segment produces and sells precipitated calcium carbonate and lime, and mines, processes and sells the natural mineral products limestone and talc. This segment's products are used principally in the paper, building materials, paints and coatings, glass, ceramic, polymers, food, and pharmaceutical industries. The Refractories segment produces and markets monolithic and shaped refractory materials and services used primarily by the steel, cement and glass industries.

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**MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on the operating income of the respective business units. Depreciation expense related to corporate assets is allocated to the business segments and is included in their income from operations. However, such corporate depreciable assets are not included in the segment assets. Specialty Minerals' segment sales to International Paper Company and affiliates represented approximately 9.1%, 10.0% and 11.5% of consolidated net sales in 2004, 2003 and 2002, respectively. Intersegment sales and transfers are not significant.

Segment information for the years ended December 31, 2004, 2003 and 2002 was as follows (in millions):

	<b>2004</b>		
	<b>Specialty Minerals</b>	<b>Refractories</b>	<b>Total</b>
Net sales	\$ 623.4	\$ 300.3	\$ 923.7
Income from operations	59.7	30.4	90.1
Restructuring charges	0.7	0.4	1.1
Bad debt expenses	1.3	0.3	1.6
Depreciation, depletion and amortization	58.3	12.2	70.5
Segment assets	769.6	297.4	1,067.0
Capital expenditures	83.1	17.8	100.9

	<b>2003</b>		
	<b>Specialty Minerals</b>	<b>Refractories</b>	<b>Total</b>
Net sales	\$ 557.1	\$ 256.6	\$ 813.7
Income from operations	55.4	21.8	77.2
Restructuring charges	1.7	1.6	3.3
Writedown of impaired assets	2.0	1.2	3.2
Bad debt expenses	1.1	4.2	5.3
Depreciation, depletion and amortization	56.9	9.4	66.3
Segment assets	672.3	253.9	926.2
Capital expenditures	37.1	12.4	49.5

	<b>2002</b>		
	<b>Specialty Minerals</b>	<b>Refractories</b>	<b>Total</b>
Net sales	\$ 520.1	\$ 232.6	\$ 752.7
Income from operations	60.0	20.9	80.9
Writedown of impaired assets	0.8	--	0.8
Bad debt expenses	3.8	2.4	6.2
Depreciation, depletion and amortization	59.0	10.0	69.0
Segment assets	612.7	238.6	851.3
Capital expenditures	27.3	9.7	37.0

A reconciliation of the totals reported for the operating segments to the applicable line items in the consolidated financial statements is as follows (in millions):

**Income before provision for taxes on**

<b>income an minority interests</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Income from operations for reportable segments	\$ 90.1	\$ 77.2	\$ 80.9
Unallocated corporate expenses	(1.0)	--	--
Consolidated income from operations	89.1	77.2	80.9
Interest income	1.6	0.8	1.1
Interest expense	(4.1)	(5.4)	(5.8)
Other deductions	(2.0)	(0.3)	(0.5)
Income before provision for taxes on income and minority interests	<u>\$ 84.6</u>	<u>\$ 72.3</u>	<u>\$ 75.7</u>

**MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

<b>Total assets</b>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Total segment assets	\$ 1,067.0	\$ 926.2	\$ 851.3
Corporate assets	<u>87.9</u>	<u>109.5</u>	<u>48.6</u>
Consolidated total assets	<u>\$ 1,154.9</u>	<u>\$ 1,035.7</u>	<u>\$ 899.9</u>
<b>Capital expenditures</b>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Total segment capital expenditures	\$ 100.9	\$ 49.5	\$ 37.0
Corporate capital expenditures	<u>5.5</u>	<u>3.2</u>	<u>0.1</u>
Consolidated total capital expenditures	<u>\$ 106.4</u>	<u>\$ 52.7</u>	<u>\$ 37.1</u>

The carrying amount of goodwill by reportable segment as of December 31, 2004 and December 31, 2003 was as follows:

<b>(Thousands of Dollars)</b>	<u>Goodwill</u>	
	<u>2004</u>	<u>2003</u>
Specialty Minerals	\$ 16,407	\$ 15,682
Refractories	<u>37,322</u>	<u>37,039</u>
Total	<u>\$ 53,729</u>	<u>\$ 52,721</u>

The net change in goodwill since December 31, 2003 was primarily attributable to the effect of foreign exchange.

Financial information relating to the Company's operations by geographic area was as follows (in millions):

<b>Net Sales</b>	<u>2004</u>	<u>2003</u>	<u>2002</u>
United States	\$ 558.2	\$ 499.9	\$ 482.2
Canada/Latin America	81.7	72.4	68.5
Europe/Africa	227.4	192.6	156.0
Asia	<u>56.4</u>	<u>48.8</u>	<u>46.0</u>
Total International	<u>365.5</u>	<u>313.8</u>	<u>270.5</u>
Consolidated total net sales	<u>\$ 923.7</u>	<u>\$ 813.7</u>	<u>\$ 752.7</u>

Net sales and long-lived assets are attributed to countries and geographic areas based on the location of the legal entity. No individual foreign country represents more than 10% of consolidated net sales or consolidated long-lived assets.

<b>Long-lived assets</b>	<u>2004</u>	<u>2003</u>	<u>2002</u>
United States	\$ 412.4	\$ 402.4	\$ 400.6
Canada/Latin America	23.7	24.5	21.5
Europe/Africa	194.0	154.7	141.3
Asia	<u>43.7</u>	<u>37.1</u>	<u>31.9</u>
Total International	<u>261.4</u>	<u>216.3</u>	<u>194.7</u>
Consolidated total long-lived assets	<u>\$ 673.8</u>	<u>\$ 618.7</u>	<u>\$ 595.3</u>

The Company's sales by product category are as follows:

<b>Millions of Dollars</b>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Paper PCC	\$ 434.0	\$ 389.6	\$ 376.0
Specialty PCC	50.7	46.5	47.0
Talc	51.6	43.2	30.3
Other Processed Minerals	87.1	77.8	66.8
Refractory Products	243.0	209.7	189.8
Metallurgical Products	<u>57.3</u>	<u>46.9</u>	<u>42.8</u>
Net Sales	<u>\$ 923.7</u>	<u>\$ 813.7</u>	<u>\$ 752.7</u>

**MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 23. Quarterly Financial Data (unaudited)**

Millions of Dollars, Except Per Share Amounts

First                      Second                      Third                      Fourth

**2004 Quarters**

## Net Sales by Major Product Line

PCC	\$ 112.3	\$ 118.6	\$ 123.6	\$ 130.1
Processed Minerals	31.4	36.5	36.4	34.4
Specialty Minerals Segment	143.7	155.1	160.0	164.5
Refractories Segment	65.8	74.2	76.4	84.0
Consolidated net sales	209.5	229.3	236.4	248.5
Gross profit	49.7	54.3	55.1	55.5
Net income	\$ 12.6	\$ 15.1	\$ 16.2	14.7
Earnings per share:				
Basic	\$ 0.61	\$ 0.74	\$ 0.79	\$ 0.71
Diluted	\$ 0.61	\$ 0.73	\$ 0.78	\$ 0.70
Market price range per share of common stock:				
High	\$ 60.20	\$ 61.00	\$ 58.00	\$ 67.67
Low	\$ 51.56	\$ 54.59	\$ 53.60	\$ 56.67
Close	\$ 56.18	\$ 57.80	\$ 57.42	\$ 66.70
Dividends paid per common share	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05

In 2004, the Company recorded additional restructuring costs of \$0.6, \$0.4 million, and \$0.1 million in the first, second and fourth quarters, respectively.

In the fourth quarter of 2004, the Company recognized \$1.0 million of expense related to acquisition termination costs.

**2003 Quarters**

	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>
Net Sales by Major Product Line				
PCC	\$ 109.3	\$ 106.6	\$ 108.5	\$ 111.7
Processed Minerals	28.5	30.8	30.6	31.2
Specialty Minerals Segment	137.8	137.4	139.1	142.9
Refractories Segment	63.7	65.0	59.1	68.8
Consolidated net sales	201.5	202.4	198.2	211.7
Gross profit	49.8	50.0	47.5	50.7
Income before cumulative effect				
of accounting change	14.9	14.3	12.8	9.7
Cumulative effect of accounting change	(3.4)	--	--	--
Net income	\$ 11.5	\$ 14.3	\$ 12.8	\$ 9.7
Earnings per share before accounting change:				
Basic	\$ 0.74	\$ 0.71	\$ 0.63	\$ 0.47
Diluted	\$ 0.74	\$ 0.70	\$ 0.62	\$ 0.47
Earnings per share after accounting change:				
Basic	\$ 0.57	\$ 0.71	\$ 0.63	\$ 0.47
Diluted	\$ 0.57	\$ 0.70	\$ 0.62	\$ 0.47
Market price range per share of common stock:				
High	\$ 44.25	\$ 50.20	\$ 53.15	\$ 60.75
Low	\$ 35.45	\$ 37.57	\$ 47.09	\$ 50.90
Close	\$ 37.79	\$ 48.14	\$ 51.44	\$ 59.25
Dividends paid per common share	\$ 0.025	\$ 0.025	\$ 0.025	\$ 0.025

In the fourth quarter of 2003, the Company recorded a \$3.2 million writedown of impaired assets relating to the planned closure of the Company's operations in River Rouge, Michigan and the retirement of certain Synsil<sup>®</sup> product assets made obsolete by an improved manufacturing process. In addition, the Company recorded restructuring charges of \$3.3 million in the fourth quarter of 2003.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders  
Minerals Technologies Inc.:

We have audited the accompanying consolidated balance sheets of Minerals Technologies Inc. and subsidiary companies as of December 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2004. In connection with our audits of the consolidated financial statements, we also have audited the related financial statement schedule. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.



In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Minerals Technologies Inc. and subsidiary companies as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in the notes to consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" effective January 1, 2003.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Minerals Technologies Inc. and subsidiary companies' internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 10, 2005 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

KPMG LLP

New York, New York  
March 10, 2005

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders  
Minerals Technologies Inc.:

We have audited management's assessment, included in the accompanying report of Management's Report on Internal Control Over Financial Reporting, that Minerals Technologies Inc. and subsidiary companies maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Minerals Technologies Inc. and subsidiary companies' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Minerals Technologies Inc. and subsidiary companies maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, Minerals Technologies Inc. and subsidiary companies maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Minerals Technologies Inc. and subsidiary companies as of December 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows and related financial statement schedule for each of the years in the three-year period ended December 31, 2004, and our report dated March 10, 2005 expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

KPMG LLP

New York, New York  
March 10, 2005

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*Management's Report on Financial Statements*

Minerals Technologies Inc.'s management is responsible for the integrity and objectivity of the accompanying financial statements and related information. The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and include amounts based on judgments and estimates by management.

*Management's Report on Internal Control Over Financial Reporting*

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting of the Company. This system of internal accounting controls is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The design, monitoring and revision of the system of internal accounting controls involves, among other things, management's judgments with respect to the relative cost and expected benefits of specific control measures. The effectiveness of the control system is supported by the selection, retention and training of qualified personnel and an organizational structure that provides an appropriate division of responsibility and formalized procedures. The system of internal accounting controls is periodically reviewed and modified in response to changing conditions. An internal audit staff regularly monitors the adequacy and effectiveness of internal accounting controls for the Company and all of its subsidiaries.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, because of changes in conditions, effectiveness of internal controls over financial reporting may vary over time. Our system contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

Management conducted an evaluation of the effectiveness of the system of internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management concluded that as of December 31, 2004, the Company's system of internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Management's assessment of the effectiveness of the Company's internal control over financial reporting has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report in which they expressed an unqualified opinion, which is included herein.

**Paul R. Saueracker**

Chairman of the Board, President and Chief Executive Officer

**John A. Sorel**

Senior Vice President, Finance and Chief Financial Officer

**Michael A. Cipolla**

Vice President, Corporate Controller and Chief Accounting Officer

March 10, 2005

**MINERALS TECHNOLOGIES INC. & SUBSIDIARY COMPANIES  
SCHEDULE II-VALUATION AND QUALIFYING ACCOUNTS  
(thousands of dollars)**

Description	Balance at Beginning of Period	Additions Charged to Costs, Provisions and Expenses(c)	Deductions (a) (b)	Balance at End of Period
<b>Year ended December 31, 2004</b>				
Valuation and qualifying accounts deducted from assets to which they apply:				
Allowance for doubtful accounts	\$ 7,010	\$ 1,576	\$ (1,443)	\$ 7,143
<b>Year ended December 31, 2003</b>				
Valuation and qualifying accounts deducted from assets to which they apply:				
Allowance for doubtful accounts	\$ 7,079	\$ 5,307	\$ (5,376)	\$ 7,010
<b>Year ended December 31, 2002</b>				
Valuation and qualifying accounts deducted from assets to which they apply:				
Allowance for doubtful accounts	\$ 3,697	\$ 6,214	\$ (2,832)	\$ 7,079

(a) Includes impact of translation of foreign currencies.

(b) Uncollectible accounts charged against allowance for doubtful accounts, net of recoveries of \$0.6 million in 2003.

(c) Uncollectible accounts charged against allowance for doubtful accounts, net of recoveries of \$2.3 million in 2004.

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 RIGHTS AGREEMENT

by and between

MINERALS TECHNOLOGIES INC.

and

CHASEMELLON SHAREHOLDER SERVICES, L.L.C.

as Rights Agent

Effective as of

September 13, 1999
 

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Exhibit A	Summary of Rights
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#### RIGHTS AGREEMENT

Agreement, effective as of September 13, 1999, by and between MINERALS TECHNOLOGIES INC., a Delaware corporation (the "Company"), and CHASEMELLON SHAREHOLDER SERVICES, L.L.C. (the "Rights Agent") (the "Rights Agreement").

#### W I T N E S S E T H:

**WHEREAS**, on August 27, 1999, the Board of Directors of the Company authorized the issuance of, and declared a dividend payable in, one right (a "Right") for each share of Common Stock, \$0.10 par value per share, of the Company outstanding as of the close of business on September 13, 1999 (the "Record Date"), each such Right representing the right to purchase one one-hundredth of a share of Series A Junior Preferred Stock of the Company (the "Preferred Stock") having the rights and preferences set forth in the Amended Certificate of Designations attached hereto as Exhibit C, authorized by the Company's Board of Directors on August 27, 1999 upon the terms and subject to the conditions hereinafter set forth; and

**WHEREAS**, the Board of Directors of the Company further authorized the issuance of one Right (subject to adjustment) with respect to each share of Common Stock which may be issued between the Record Date and the earlier to occur of the Distribution Date or the Expiration Date (as such terms are hereinafter defined);

**NOW, THEREFORE**, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. Certain Definitions. For purposes of this Rights Agreement, the following terms shall have the meanings indicated:

(a) "Acquiring Person" shall mean any Person (as such term is hereinafter defined) who or which, together with all Affiliates (as such term is hereinafter defined) and Associates (as such term is hereinafter defined) of such Person, shall be the Beneficial Owner (as such term is hereinafter defined) of 15% or more of the Voting Stock (as such term is hereinafter defined) of the Company then outstanding; provided, that, an Acquiring Person shall not include (i) an Exempt Person (as such term is hereinafter defined) or (ii) any Person, together with all Affiliates and Associates of such Person, who or which would be an Acquiring Person solely by reason of (A) being the Beneficial Owner of shares of Voting Stock of the Company, the Beneficial Ownership of which was acquired by such Person (or his or its predecessor through merger, consolidation, amalgamation or other similar legal succession) pursuant to any action or transaction or series of related actions or transactions approved by the Company's Board of Directors before such Person otherwise became an Acquiring Person or (B) a reduction in the number of outstanding shares of Voting Stock of the Company pursuant to a transaction or a series of related transactions approved by the Board of Directors of the Company; provided, further, that in the event such Person described in this clause (ii) does not become an Acquiring Person by reason of subclause (A) or (B) of this clause (ii), such Person nonetheless shall become an Acquiring Person in the event such Person thereafter acquires Beneficial Ownership of an additional 1% or more of the Voting Stock of the Company, unless the acquisition of such additional Voting Stock would not result in such Person becoming an Acquiring Person by

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reason of subclause (A) or (B) of this clause (ii). Notwithstanding the foregoing, if the Board of Directors of the Company determines in good faith that a Person who would otherwise be an "Acquiring Person" as defined pursuant to the foregoing provisions of this paragraph (a) has become such inadvertently, and such Person divests as promptly as practicable (as determined in good faith by the Board of Directors of the Company) a sufficient number of shares of Common Stock so that such Person would no longer be an "Acquiring Person" as defined pursuant to the foregoing provisions of this paragraph (a), then such Person shall not be deemed an "Acquiring Person" for any purposes of this Rights Agreement.

(b) "Affiliate" shall have the meaning ascribed to such term in Rule 12b2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended ("Exchange Act"), as in effect on the date of this Rights Agreement.

(c) "Associate" of a Person (as such term is hereinafter defined) shall mean (i) with respect to a corporation, any officer or director thereof or of any Subsidiary (as such term is hereinafter defined) thereof, or any Beneficial Owner (as such term is hereinafter defined) of 10% or more of any class of equity security thereof, (ii) with respect to an association, joint venture or other unincorporated organization, any officer or director thereof or of a Subsidiary thereof or any Beneficial Owner of 10% or more ownership interest therein, (iii) with respect to a partnership, any general partner thereof or any limited partner thereof who is, directly or indirectly, the Beneficial Owner of a 10% or greater ownership interest therein, (iv) with respect to a limited liability company, any officer, director or manager thereof or of a Subsidiary thereof or any member thereof who is, directly or indirectly, the Beneficial Owner of a 10% or greater ownership interest therein, (v) with respect to a business trust, any officer or trustee thereof or of any Subsidiary thereof, (vi) with respect to any other trust or an estate, any trustee, executor or

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similar fiduciary or any Person who has a 10% or greater interest as a beneficiary in the income from or principal of such trust or estate, (vii) with respect to a natural person, any relative or spouse of such person, or any relative of such spouse, who has the same home as such person, and (viii) any Affiliate of such Person.

(d) A person shall be deemed the "Beneficial Owner" of, or to "Beneficially Own," any securities (and correlative terms shall have correlative meanings):

(i) which such Person or any of such Person's Affiliates or Associates beneficially owns, directly or indirectly, for purposes of Section 13(d) of the Exchange Act and Regulations 13D and 13G thereunder (or any comparable or successor law or regulation), in each case as in effect on the date hereof; or

(ii) which such Person or any of such Person's Affiliates or Associates has (A) the right to acquire (whether such right is exercisable immediately or only after the passage of time or the fulfillment of a condition or both) pursuant to any agreement, arrangement or understanding (whether or not in writing), or upon the exercise of conversion rights, exchange rights, other rights (other than these Rights), warrants or options, or otherwise; provided, however, that a Person shall not be deemed the "Beneficial Owner" of, or to "Beneficially Own," securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange or (B) the right to vote, alone or in concert with others, pursuant to any agreement, arrangement or understanding (whether or not in writing); provided, however, that a Person shall not be deemed

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the "Beneficial Owner" of, or to "Beneficially Own," any securities if the agreement, arrangement or understanding to vote such security (1) arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations under the Exchange Act and (2) is not at that time reportable by such Person on a Schedule 13D report under the Exchange Act (or any comparable or successor report), other than by reference to a proxy or consent solicitation being conducted by such Person; or

(iii) which are Beneficially Owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting (except as described in the proviso in clause (B) of subparagraph (ii) of this paragraph (d)) or disposing of any securities of the Company; provided, however, that for purposes of determining Beneficial Ownership of securities under this Rights Agreement, officers and directors of the Company solely by reason of their status as such shall not constitute a group (notwithstanding that they may be Associates of one another or may be deemed to constitute a group for purposes of Section 13(d) of the Exchange Act) and shall not be deemed to own shares owned by another officer or director of the Company.

Notwithstanding anything in this paragraph (d) to the contrary, a Person engaged in the business of underwriting securities shall not be deemed the "Beneficial Owner" of, or to

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"Beneficially Own," any securities acquired in good faith in a firm commitment underwriting, until the expiration of forty days after the date of such acquisition.

(e) "Book-Entry" shall mean an uncertificated book-entry for the Company's Common Stock.

(f) "Business Day" shall mean any day other than a Saturday, Sunday, or day on which banking institutions in the State of New York or New Jersey are authorized or obligated by law or executive order to close.

(g) "Close of Business" on any given date shall mean 5:00 p.m., New York City time, on such date; provided, however, that if such date is not a Business Day it shall mean 5:00 p.m., New York City time, on the next succeeding Business Day.

(h) "Common Stock," when used with reference to the Company, shall mean the common stock, presently \$0.10 par value, of the Company. "Common Stock," when used with reference to any Person other than the Company which shall be organized in corporate form, shall mean the capital stock or other equity security with the greatest voting power of such Person or, if such other Person is a subsidiary of another Person, the Person or Persons which ultimately control such first-mentioned Person. "Common Stock," when used with reference to any Person other than the Company which shall not be organized in corporate form, shall mean units of beneficial interest which shall represent the right to participate in profits, losses, deductions and credits of such Person and which shall be entitled to exercise the greatest voting power of such Person.

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(i) "Distribution Date" shall have the meaning set forth in Section 3(b) hereof.

(j) "Exchange Act" shall have the meaning set forth in Section 1(b) hereof.

(k) "Exempt Person" shall mean (i) the Company, (ii) any Subsidiary of the Company or (iii) any employee benefit plan or employee stock plan of the Company or any Subsidiary of the Company, or any trust or other entity organized, appointed, established or holding Common Stock for or pursuant to the terms of any such plan.

(l) "Exercise Price" shall have the meaning set forth in Section 4 hereof.

(m) "Expiration Date" shall have the meaning set forth in Section 7(a) hereof.

(n) "Fair Market Value" of any property shall mean the fair market value of such property as determined in accordance with Section 11(b) hereof.

(o) "NASDAQ" shall mean the National Association of Securities Dealers, Inc. Automated Quotation System or any successor thereto or other comparable quotation system.

(p) "Person" shall mean any individual, firm, corporation or other entity.

(q) "Principal Party" shall have the meaning set forth in Section 13(b) hereof.

(r) "Qualifying Tender Offer" shall mean a tender or exchange offer for all outstanding shares of Common Stock of the Company approved by the Board of Directors of the Company after taking into account the potential long-term value of the Company and all other factors that they consider relevant.

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(s) "Record Date" shall have the meaning set forth in the first Recital.

- (t) "Redemption Price" shall have the meaning set forth in Section 23(a) hereof.
- (u) "Rights Certificate" shall have the meaning set forth in Section 3(d) hereof.
- (v) "Stock Acquisition Date" shall mean the first date on which there shall be a public announcement by the Company or an Acquiring Person that an Acquiring Person has become such (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to Section 13(d) of the Exchange Act) or such earlier date as the Board of Directors of the Company shall become aware of the existence of an Acquiring Person.
- (w) "Subsidiary" of a Person shall mean any corporation or other entity of which securities or other ownership interests having voting power sufficient to elect a majority of the Board of Directors of the Company or other persons performing similar functions are Beneficially Owned, directly or indirectly, by such Person or by any corporation or other entity that is otherwise controlled by such Person.
- (x) "Summary of Rights" shall have the meaning set forth in Section 3(a) hereof.
- (y) "Trading Day" shall have the meaning set forth in Section 11(b) hereof.
- (z) "Transfer Tax" shall mean any tax or charge, including any documentary stamp tax, imposed or collected by any governmental or regulatory authority in respect of any

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transfer of any security, instrument or right, including Rights, shares of Common Stock and shares of Preferred Stock.

(aa) "Voting Stock" shall mean (i) the Common Stock of the Company and (ii) any other shares of capital stock of the Company entitled to vote generally in the election of directors or entitled to vote together with the Common Stock in respect of any merger, consolidation, sale of all or substantially all of the Company's assets, liquidation, dissolution or winding up. For purposes of this Rights Agreement, Voting Stock shall include securities of the type referred to in clauses (i) and (ii) above that trade on a "when issued" basis on a national securities exchange or on the NASDAQ. For purposes of this Rights Agreement, a stated percentage of the Voting Stock shall mean a number of shares of the Voting Stock as shall equal in voting power that stated percentage of the total voting power of the then outstanding shares of Voting Stock in the election of a majority of the Board of Directors of the Company or in respect of any merger, consolidation, sale of all or substantially all of the Company's assets, liquidation, dissolution or winding up.

Any determination required to be made by the Board of Directors of the Company for purposes of applying the definitions contained in this Section 1 shall be made by the Board of Directors of the Company in its good faith judgment, and such determination shall be binding on the Rights Agent and the holders of the Rights.

Section 2. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as agent for the Company in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such Co-Rights Agents as it may deem necessary or desirable. The Rights Agent

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shall have no duty to supervise, and in no event shall be liable for, the acts or omissions of any such co-Rights Agent.

Section 3. Issuance of Rights Certificates.

(a) On the Record Date (or as soon as practicable thereafter), the Company or the Rights Agent (if provided with all necessary information) shall send a copy of a Summary of Rights, in substantially the form attached hereto as Exhibit A (the "Summary of Rights"), by first class mail, postage prepaid, to each record holder of the Common Stock as of the Close of Business on the Record Date, at the address of such holder shown on the records of the Company.

(b) Until the Close of Business on the day which is the earlier of (i) the tenth day after the Stock Acquisition Date or such earlier or later date (not beyond the thirtieth day after the Stock Acquisition Date) as the Board of Directors of the Company may from time to time fix by resolution adopted prior to the Distribution Date that otherwise would have occurred or (ii) the tenth Business Day (or such later date as may be determined by action of the Board of Directors of the Company prior to such time as any Person becomes an Acquiring Person) after the date of the commencement by any Person (other than an Exempt Person) of, or the first public announcement of the intent of any Person (other than an Exempt Person) to commence, a tender or exchange offer upon the successful consummation of which such Person, together with its Affiliates and Associates, would be the Beneficial Owner of 15% or more of the then outstanding shares of Voting Stock of the Company (irrespective of whether any shares are actually purchased pursuant to any such offer) (the earlier of such dates being herein referred to as the "Distribution Date"), (x) the Rights shall be evidenced by the Book-Entries, or certificates

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representing Common Stock registered in the name of the holders of Common Stock (together with, in the case of Book-Entries representing, or the certificates for, Common Stock outstanding as of the Record Date, the Summary of Rights) and not by separate Book-Entries or Rights Certificates and the record holders of the Common Stock represented by such Book-Entries or certificates shall be the record holders of the Rights represented thereby and (y) each Right shall be transferable only simultaneously and together with the transfer of a share of Common Stock (subject to adjustment as hereinafter provided). Until the Distribution Date (or, if earlier, the Expiration Date), transfer on the Company's Direct Registration System of any Common Stock represented by a Book-Entry or the surrender for transfer of any certificate for Common Stock shall constitute the surrender for transfer of the Right or Rights associated with the Common Stock evidenced thereby, whether or not accompanied by a copy of the Summary of Rights.

(c) Rights shall be issued in respect of all shares of Common Stock that become outstanding after the Record Date but prior to the earlier of the Distribution Date or the Expiration Date and, in certain circumstances provided in Section 22 hereof, may be issued in respect of shares of Common Stock that become outstanding after the Distribution Date. Certificates for Common Stock (including, without limitation, certificates issued upon original issuance, dispensation from the Company's treasury or transfer or exchange of Common Stock) after the Record Date but prior to the earliest of the Distribution Date or the Expiration Date (or, in certain circumstances as provided in Section 22 hereof, after the Distribution Date) shall have impressed, printed, written or stamped thereon or otherwise affixed thereto the following legend:

This certificate also evidences and entitles the holder hereof to the same number of Rights (subject to adjustment) as the number of shares of Common Stock represented by this certificate, such Rights being on the terms provided under the Rights Agreement between Minerals Technologies Inc. (the "Company") and ChaseMellon Shareholder Services, L.L.C. (the "Rights Agent"), effective as of September 13, 1999, as it may be amended from time to

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time (the "Rights Agreement"), the terms of which are incorporated herein by reference and a copy of which is on file at the principal executive offices of the Company. Under certain circumstances, as set forth in the Rights Agreement, such Rights shall be evidenced by separate certificates and shall no longer be evidenced by this certificate. The Company shall mail to the registered holder of this certificate a copy of the Rights Agreement without charge within five days after receipt of a written request therefor. UNDER CERTAIN CIRCUMSTANCES AS PROVIDED IN SECTION 7(e) OF THE RIGHTS AGREEMENT, RIGHTS ISSUED TO OR BENEFICIALLY OWNED BY ACQUIRING PERSONS OR THEIR AFFILIATES OR ASSOCIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR ANY SUBSEQUENT HOLDER OF SUCH RIGHTS SHALL BE NULL AND VOID AND MAY NOT BE TRANSFERRED TO ANY PERSON.

(d) As soon as practicable after the Distribution Date, the Company will prepare and execute, the Rights Agent will countersign, and the Company will send or cause to be sent (and the Rights Agent will, if requested and provided with all necessary information, send), by first class mail, postage prepaid, to each record holder of the Common Stock as of the Close of Business on the Distribution Date, as shown by the records of the Company, at the address of such holder shown on such records, a certificate in the form provided by Section 4 hereof (a "Rights Certificate"), evidencing one Right (subject to adjustment as provided herein) for each share of Common Stock so held. As of and after the Distribution Date, the Rights shall be evidenced solely by such Rights Certificates and may be transferred by the transfer of the Rights Certificate as permitted hereby, separately and apart from any transfer of one or more shares of Common Stock.

(e) In addition, in connection with the issuance or sale of shares of Common Stock following the Distribution Date and prior to the Expiration Date, the Company (i) shall, with respect to shares of Common Stock so issued or sold (x) pursuant to the exercise of stock options or under any employee plan or arrangement or (y) upon the exercise, conversion or

in any other case, if deemed necessary or appropriate by the Board of Directors of the Company, issue Rights Certificates representing the appropriate number of Rights in connection with such issuance or sale; PROVIDED that no such Rights Certificate shall be issued if, and to the extent that, (i) the Company shall be advised by counsel that such issuance would create a significant risk of material adverse tax consequences to the Company or the Person to whom such Rights Certificate would be issued or (ii) appropriate adjustment shall otherwise have been made in lieu of the issuance thereof.

Section 4. Form of Rights Certificates.

(a) The Rights Certificates (and the forms of election to purchase shares, certificate and assignment to be printed on the reverse thereof), when, as and if issued, shall be substantially in the form set forth in Exhibit B hereto and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Common Stock or the Rights may from time to time be listed or as the Company may deem appropriate (but which do not affect the duties or responsibilities of the Rights Agent) to conform to usage or otherwise and as are not inconsistent with the provisions of this Rights Agreement. Subject to the provisions of Section 22 hereof, Rights Certificates evidencing Rights whenever issued, (i) shall be dated as of the date of issuance of the Rights they represent and (ii) subject to adjustment from time to time as provided herein, on their face shall entitle the holders thereof to purchase such number of shares (including fractional shares which are integral multiples of one one-hundredth of a share) of Preferred Stock as shall be set forth therein at the price payable upon exercise of a Right

provided by Section 7(b) hereof as the same may from time to time be adjusted as provided herein (the "Exercise Price").

(b) Notwithstanding any other provision of this Rights Agreement, any Rights Certificate that represents Rights Beneficially Owned by an Acquiring Person or any Affiliate or Associate thereof or any other Person whose Rights shall become null and void pursuant to Section 7(e) shall have impressed on, printed on, written on or otherwise affixed to it (if the Company and the Rights Agent have knowledge that such Person is an Acquiring Person or an Associate or Affiliate or a nominee of any of the foregoing) the following legend:

The Beneficial Owner of the Rights represented by this Rights Certificate is an Acquiring Person or an Affiliate or an Associate of an Acquiring Person.  
Accordingly, this Rights Certificate and the Rights represented hereby shall become null and void in the circumstances specified in Section 7(e) of the Rights Agreement.

Section 5. Countersignature and Registration.

(a) Each Rights Certificate shall be executed on behalf of the Company by its Chairman of the Board, any President or any Vice President, either manually or by facsimile signature, and have affixed thereto the Company's seal or a facsimile thereof which shall be attested to by the Secretary or an Assistant Secretary of the Company, either manually or by facsimile signature. Each Rights Certificate shall be countersigned by the Rights Agent either manually or by facsimile signature and shall not be valid for any purpose unless so countersigned. In case any officer of the Company who shall have signed any Rights Certificate shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery of the certificate by the Company, such Rights Certificate, nevertheless, may be countersigned by the Rights Agent and issued and delivered with the same force and

effect as though the person who signed such Rights Certificates had not ceased to be such officer of the Company. Any Rights Certificate may be signed on behalf of the Company by any person who, on the date of the execution of such Rights Certificate, shall be a proper officer of the Company to sign such Rights Certificate, although at the date of the execution of this Rights Agreement any such person was not such an officer.

(b) Following the Distribution Date and receipt by the Rights Agent of all relevant information, the Rights Agent will keep or cause to be kept, at its principal office or one or more offices designated as the appropriate place for the surrender of Rights Certificates upon exercise or transfer, and in such other locations as may be required by law, books for registration and transfer of the Rights Certificates issued hereunder. Such books shall show the names and addresses of the respective holders of the Rights Certificates, the number of Rights evidenced on its face by each of the Rights Certificates and the date of each of the Rights Certificates and any Rights Certificates that have a legend printed thereon pursuant to Section 4(b).

Section 6. Transfer, Split Up, Combination and Exchange of Rights Certificates; Mutilated, Destroyed, Lost or Stolen Rights Certificates.

(a) Subject to the provisions of Sections 4(b), 7(e), 7(f) and 14(b) hereof, at any time after the Close of Business on the Distribution Date, and at or prior to the Close of Business on the Expiration Date, any Rights Certificate, may be (i) transferred or (ii) split up, combined or exchanged for one or more other Rights Certificates, entitling the registered holder to purchase a like number of shares of Preferred Stock as the Rights Certificate or Rights Certificates surrendered then entitled such holder to purchase. Any registered holder desiring to transfer any Rights Certificate shall surrender the Rights Certificate at the office of the Rights

Agent designated for the surrender of Rights Certificates with the form of certificate and assignment on the reverse side thereof duly endorsed (or, enclosed with such Rights Certificate, a written instrument of transfer in a form satisfactory to the Company and the Rights Agent, duly executed by the registered holder thereof or his attorney duly authorized in writing, and with such signature duly guaranteed. Any registered holder desiring to split up, combine or exchange any Rights Certificate shall make such request in writing delivered to the Rights Agent, and shall surrender the Rights Certificate to be split up, combined or exchanged at the office of the Rights Agent. Thereupon, the Rights Agent shall countersign and deliver to the Person entitled thereto a Rights Certificate or Rights Certificates, as the case may be, as so requested. The Company may require payment of a sum sufficient to cover any Transfer Tax that may be imposed in connection with any transfer, split up, combination or exchange of any Rights Certificates. The Rights Agent shall have no duty or obligation to take any action under any Section of this Agreement which requires the payment by a Rights holder of Transfer Taxes unless and until the Rights Agent is satisfied that all such Transfer Taxes have been paid.

(b) Subject to the provisions of Sections 4(b), 7(e), 7(f) and 14(b) hereof, upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Rights Certificate, and, in case of loss, theft or destruction, of indemnity or security satisfactory to them and, if requested by the Company, reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, or upon surrender to the Rights Agent and cancellation of the Rights Certificate if mutilated, the Company shall issue and deliver a new Rights Certificate of like tenor to the Rights Agent for delivery to the registered owner in lieu of the Rights Certificate so lost, stolen, destroyed or mutilated.

Section 7. Exercise of Rights; Exercise Price; Expiration Date of Rights.

(a) The Rights shall not be exercisable until, and shall become exercisable on, the Distribution Date (unless otherwise provided herein, including, without limitation, the restrictions on exercisability set forth in Section 7(e) and 23(a) hereof). Except as otherwise provided herein, the Rights may be exercised, in whole or in part, at any time commencing with the Distribution Date upon surrender of the Rights Certificate, with the form of election to purchase and certificate on the reverse side thereof duly executed (with signatures duly guaranteed), to the Rights Agent at the principal office or other designated office of the Rights Agent in New York, NY, together with payment of the Exercise Price for each Right exercised, subject to adjustment as hereinafter provided, at or prior to the Close of Business on the earlier of (i) September 13, 2009 (or if the Distribution Date shall have occurred before September 13, 2009, at the Close of Business on the 90th day following the Distribution Date) or (ii) the date on which the Rights are redeemed as provided in Section 23 hereof or exchanged as provided in Section 27 hereof (such earlier date being herein referred to as the "Expiration Date").



(b) The Exercise Price shall initially be \$250.00 for each one one-hundredth (1/100) of a share of Preferred Stock issued pursuant to the exercise of a Right. The Exercise Price and the number of shares of Preferred Stock or other securities to be acquired upon exercise of a Right shall be subject to adjustment from time to time as provided in Sections 11 and 13 hereof. The Exercise Price shall be payable in lawful money of the United States of America, in accordance with paragraph (c) below.

(c) Except as otherwise provided herein, upon receipt of a Rights Certificate representing exercisable Rights with the form of election to purchase duly executed,

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accompanied by payment by certified check, cashier's check, bank draft or money order payable to the Company or the Rights Agent of the Exercise Price for the shares to be purchased and an amount equal to any applicable Transfer Tax required to be paid by the holder of the Rights Certificate in accordance with Section 9(e) hereof, the Rights Agent shall thereupon promptly (i) requisition from any registrar or transfer agent (as may be appropriate) of the Preferred Stock of the Company one or more certificates representing the number of shares of Preferred Stock to be so purchased, and the Company hereby authorizes and directs such registrar or transfer agent (as may be appropriate) to comply with all such requests, (ii) as provided in Section 14(b), at the election of the Company, cause depositary receipts to be issued in lieu of fractional shares of Preferred Stock, (iii) if the election provided for in the immediately preceding clause (ii) has not been made, requisition from the Company the amount of cash to be paid in lieu of the issuance of fractional shares in accordance with Section 14(b) hereof, (iv) after receipt of such Preferred Stock certificates and, if applicable, depositary receipts, cause the same to be delivered to or upon the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder and (v) when appropriate, after receipt, promptly deliver such cash to or upon the order of the registered holder of such Rights Certificate; provided, however, that in the case of a purchase of securities, other than Preferred Stock, pursuant to Section 13 hereof, the Rights Agent shall promptly take the appropriate actions corresponding in such case to that referred to in the foregoing clauses (i) through (v) of this Section 7(c). Notwithstanding the foregoing provisions of this Section 7(c), the Company may suspend the issuance of shares of Preferred Stock upon exercise of a Right for a reasonable period, not in excess of 90 days, during which the Company seeks to register under the Securities Act of 1933, as amended (the "Act"), and any applicable securities law of any other jurisdiction, the shares of Preferred Stock to be issued pursuant to the Rights; provided, however, that nothing

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contained in this Section 7(c) shall relieve the Company of its obligations under Section 9(c) hereof. The Company shall promptly provide the Rights Agent with written notice of such suspension.

(d) In case the registered holder of any Rights Certificate shall exercise less than all the Rights evidenced thereby, a new Rights Certificate evidencing Rights equivalent to the Rights remaining unexercised shall be issued by the Rights Agent to the registered holder of such Rights Certificate or his assignee, subject to the provisions of Section 14(b) hereof.

(e) Notwithstanding any provision of this Rights Agreement to the contrary, from and after the time (the "Invalidation Time") when any Person first becomes an Acquiring Person, other than pursuant to a Qualifying Tender Offer, any Rights that are Beneficially Owned by (x) such Acquiring Person (or any Associate or Affiliate of such Acquiring Person), (y) a transferee of such Acquiring Person (or any such Associate or Affiliate) who becomes a transferee after the Invalidation Time or (z) a transferee of such Acquiring Person (or any such Associate or Affiliate) who becomes a transferee prior to or concurrently with the Invalidation Time pursuant to either (I) a transfer from the Acquiring Person to holders of its equity securities or to any Person with whom it has any continuing agreement, arrangement or understanding regarding the transferred Rights or (II) a transfer which the Board of Directors of the Company has determined is part of a plan, arrangement or understanding which has the purpose or effect of avoiding the provisions of this Section 7(e), and subsequent transferees of the Persons referred to in either clause (y) or (z) above, shall be null and void without any further action and any holder of such Rights shall thereafter have no rights whatsoever with respect to such Rights under any provision of this Rights Agreement. No Rights Certificate shall be issued pursuant to Section 3 hereof that represents Rights Beneficially Owned by an Acquiring Person or any other Person

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whose Rights would be null and void pursuant to the provisions of this Section 7(e) or any Associate, Affiliate or nominee thereof; no Rights Certificate shall be issued at any time upon the transfer of any Rights to an Acquiring Person or any other Person whose Rights would be null and void pursuant to the provisions of this Section 7(e) or any Associate, Affiliate or nominee thereof; and any Rights Certificate delivered to the Rights Agent for transfer to an Acquiring Person whose Rights would be null and void pursuant to the provisions of this Section 7(e) shall be canceled. The Company shall notify the Rights Agent when this Section 7(e) applies and shall use all reasonable efforts to ensure that the provisions of this Section 7(e) are complied with, but neither the Company nor the Rights Agent shall have any liability to any holder of a Rights Certificate or any other Person as a result of the Company's failure to make any determination with respect to an Acquiring Person or its Affiliates, Associates or transferees hereunder.

(f) Notwithstanding anything in this Rights Agreement to the contrary, neither the Rights Agent nor the Company shall be obligated to undertake any action with respect to a registered holder upon the occurrence of any purported exercise as set forth in this Section 7 unless such registered holder shall have (i) properly completed and signed the certificate following the form of election to purchase set forth on the reverse side of the Rights Certificate surrendered for such exercise and (ii) provided such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) or Affiliates or Associates thereof or a Person referred to in clause (y) or (z) of Section 7(e) and such other information as the Company or the Rights Agent shall reasonably request.

Section 8. Cancellation and Destruction of Rights Certificates. All Rights Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange

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shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in canceled form, or, if surrendered to the Rights Agent, shall be canceled by it, and no Rights Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Rights Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall cancel and retire, any Rights Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all canceled Rights Certificates to the Company, or shall, at the written request of the Company, destroy such canceled Rights Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

Section 9. Reservation and Availability of Shares of Preferred Stock.

(a) The Company covenants and agrees that it will cause to be reserved and kept available out of its authorized and unissued shares of Preferred Stock or out of authorized and issued shares of Preferred Stock held in its treasury, such number of shares of Preferred Stock as will from time to time be sufficient to permit the exercise in full of all outstanding Rights. The Company shall take such action as may be required for it to comply with the foregoing sentence of this Section 9(a).

(b) The Company shall use its best efforts to cause, from and after such time as the Rights become exercisable, all shares of Preferred Stock issued or reserved for issuance in accordance with this Rights Agreement to be listed, upon official notice of issuance, upon the principal national securities exchange, if any, upon which the Common Stock is listed or, if the principal market for the Common Stock is not on any national securities exchange, to be eligible for quotation on NASDAQ or any successor thereto or other comparable quotation system.

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(c) The Company covenants and agrees that it will take all such actions as may be necessary to insure that all shares of Preferred Stock delivered upon exercise of Rights shall, at the time of delivery of the certificates for such shares (subject to payment of the Exercise Price in respect thereof), be duly and validly authorized and issued and fully paid and nonassessable shares.

(d) The Company shall use its best efforts to (i) file, as soon as practicable following the occurrence of the event described in Section 11(a)(ii), or as soon as is required by law following the Distribution Date, as the case may be, a registration statement under the Act, with respect to the shares of Preferred Stock purchasable upon exercise of the Rights on an appropriate form, (ii) cause such registration statement to become effective as soon as practicable after such filing, and (iii) cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Act) until the earlier of (A) the date as of which the Rights are no longer exercisable for Preferred Stock, or (B) the Expiration Date. The Company may temporarily suspend, for a period of time not to exceed 90 days, the issuance of shares of Preferred Stock upon exercise of a Right in order to prepare and file a registration statement under the Act and permit it to become effective. The Company shall promptly provide written notice to the Rights Agent of such suspension. The Company will also take such action as may be appropriate under, or to ensure compliance with, the securities or "blue sky" laws of the various states in connection with the exercisability of the Rights.

Notwithstanding any provision of this Rights Agreement to the contrary, the Rights shall not be exercisable in any jurisdiction unless the requisite qualification in such jurisdiction shall have been obtained and until a registration statement under the Act (if required) shall have been declared effective.

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(e) The Company covenants and agrees that it will pay when due and payable any and all Transfer Taxes which may be payable in respect of the issuance or delivery of the Rights Certificates or of any shares of Preferred Stock issued or delivered upon the exercise of Rights. The Company shall not, however, be required to pay any Transfer Tax which may be payable in respect of any transfer or delivery of a Rights Certificate to a Person other than, or the issuance or delivery of certificates for Preferred Stock upon exercise of Rights in a name other than that of, the registered holder of the Rights Certificate, and the Company shall not be required to or issue or deliver a Rights Certificate or certificate for Preferred Stock to a Person other than such registered holder until any such Transfer Tax shall have been paid (any such Transfer Tax being payable by the holder of such Rights Certificate at the time of surrender) or until it has been established to the Company's satisfaction that no such Transfer Tax is due.

Section 10. Preferred Stock Record Date. Each Person in whose name any certificate for shares of Preferred Stock is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Preferred Stock represented thereby on, and such certificate shall be dated as of, the date upon which the Rights Certificate evidencing such Rights was duly surrendered and payment of the Exercise Price (and any applicable Transfer Taxes) was made; provided, however, that, if the date of such surrender and payment is a date upon which the Preferred Stock transfer books of the Company are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated as of, the next succeeding Business Day on which the Preferred Stock transfer books of the Company are open. Prior to the exercise of the Rights evidenced thereby, the holder of a Rights Certificate, as such, shall not be entitled to any rights of a stockholder of the Company with respect to shares for which the Rights shall be exercisable, including, without

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limitation, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided herein.

Section 11. Adjustment of Exercise Price or Number of Shares. The Exercise Price and the number of shares of Preferred Stock which may be purchased upon exercise of a Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 11.

(a) (i) In the event the Company shall at any time after the date of this Rights Agreement (A) declare or pay any dividend on Common Stock payable in shares of Common Stock, (B) subdivide or split the outstanding shares of Common Stock into a greater number of shares or (C) combine or consolidate the outstanding shares of Common Stock into a smaller number of shares or effect a reverse split of the outstanding shares of Common Stock, then and in each such event the number of shares of Preferred Stock issuable upon the exercise of a Right after the record date for such event (if one shall have been established or, if not, after the date of such event) shall be the number of shares of Preferred Stock issuable immediately prior to such event multiplied by a fraction the numerator of which is the number of Rights outstanding immediately prior to such event and the denominator of which is the number of Rights outstanding immediately after such event and the Exercise Price after such event shall be the Exercise Price in effect immediately prior to such event multiplied by such fraction. If an event occurs which would require an adjustment under both this Section 11(a)(i) and Section 11(a)(ii) hereof, the adjustment provided for in this Section 11(a)(i) shall

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be in addition to, and shall be made prior to, any adjustment required pursuant to Section 11(a)(ii).

(ii) Subject to Section 27 of this Rights Agreement, in the event that any Person (other than an Exempt Person), alone or together with its Affiliates and Associates, shall become an Acquiring Person, except pursuant to a Qualifying Tender Offer then, subject to the last sentence of Section 23(a) and except as otherwise provided in this Section 11, each holder of a Right, except as provided in Section 7(e) hereof, shall thereafter have the right to receive upon exercise of such Right in accordance with the terms of this Rights Agreement and payment of the Exercise Price, the greater of (1) the number of one one-hundredths of a share of Preferred Stock for which such Right was exercisable immediately prior to the first occurrence of the event described in this Section 11(a)(ii) or (2) such number of one one-hundredths of a share of Preferred Stock as shall equal the result obtained by dividing the Exercise Price by 50% of the Fair Market Value of one one-hundredth of a share of Preferred Stock (determined pursuant to Section 11(b) hereof) on the date of such first occurrence; provided, however, that if the transaction that would otherwise give rise to the foregoing adjustment is also subject to the provisions of Section 13 hereof, then only the provisions of Section 13 hereof shall apply and no adjustment shall be made pursuant to this Section 11(a)(ii).

(iii) In the event that the Company does not have available sufficient authorized but unissued Preferred Stock to permit the adjustments required pursuant to the foregoing subparagraph (i) or the exercise in full of the Rights in

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accordance with the foregoing subparagraph (ii), the Company shall take all such actions as may be necessary to authorize and reserve for issuance such number of additional shares of Preferred Stock as may from time to time be required to be issued upon the exercise in full of all Rights from time to time outstanding and, if necessary, shall use its best efforts to obtain stockholder approval thereof. In lieu of issuing shares of Preferred Stock in accordance with the foregoing subparagraphs (i) and (ii), the Company may, if its Board of Directors determines that such action is necessary or appropriate and not contrary to the interests of holders of Rights, elect to issue or pay, upon the exercise of the Rights, (A) cash, (B) other equity securities of the Company, (C) debt securities of the Company, (D) other assets or (E) any combination of the foregoing, in each case, having an aggregate Fair Market Value equal to the Fair Market Value of the shares of Preferred Stock which otherwise would have been issuable pursuant to Section 11(a)(ii), which Fair Market Value shall be determined by an investment banking firm selected by the Company's Board of Directors. For purposes of the preceding sentence, the Fair Market Value of the Preferred Stock shall be as determined pursuant to Section 11(b). Subject to Section 23 hereof, any such election by the Board of Directors of the Company must be made and publicly announced within thirty (30) days after the date on which the event described in Section 11(a)(ii) occurs.

(b) For the purpose of this Rights Agreement, the "Fair Market Value" of any share of Preferred Stock, Common Stock or any other stock or any Right or other security or any other property on any date shall be determined as provided in this Section 11(b). In the case of a

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publicly-traded stock or other security, the Fair Market Value on any date shall be deemed to be the average of the daily closing prices per share of such stock or per unit of such other security for the 30 consecutive Trading Days (as such term is hereinafter defined) immediately prior to but not including such date; provided, however, that in the event that the Fair Market Value per share of any share of Common Stock is determined during a period which includes any date that is within 30 Trading Days after but not including (i) the ex-dividend date for a dividend or distribution on such stock payable in shares of Common Stock or securities convertible into shares of Common Stock, or (ii) the effective date of any subdivision, split, combination, consolidation, reverse stock split or reclassification of such stock, then, and in each such case, the Fair Market Value shall be appropriately adjusted by the Board of Directors of the Company to take into account ex-dividend or post-effective date trading. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way (in either case, as reported in the applicable transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange), or, if the securities are not listed or admitted to trading on the New York Stock Exchange, as reported in the applicable transaction reporting system with respect to securities listed on the principal national securities exchange on which such security is listed or admitted to trading; or, if not listed or admitted to trading on any national securities exchange, the last quoted price (or, if not so quoted, the average of the high bid and low asked prices) in the over-the-counter market, as reported by NASDAQ or such other system then in use; or, if no bids for such security are quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such security selected by the Board of Directors of the Company. The term "Trading Day" shall mean a day on which the principal national securities exchange on which such security is listed

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or admitted to trading is open for the transaction of business or, if such security is not listed or admitted to trading on any national securities exchange, a Business Day. If a security is not publicly held or not so listed or traded, "Fair Market Value" shall mean the fair value per share of stock or per other unit of such other security, as determined by an independent investment banking firm experienced in the valuation of securities selected in good faith by the Board of Directors of the Company, or, if no such investment banking firm is, in the good faith

judgment of the Company's Board of Directors, available to make such determination, in good faith by the Board of Directors of the Company; provided, however, that for purposes of making the adjustment provided for by Section 11(a)(ii) hereof, the Fair Market Value of a share of Preferred Stock shall not be less than 100% of the product of the Fair Market Value of a share of Common Stock multiplied by the higher of the then Dividend Multiple or Vote Multiple applicable to the Preferred Stock (as defined in the provisions of the Certificate of Designations relating to the Preferred Stock) and shall not exceed 105% of the product of the then Fair Market Value of a share of Common Stock multiplied by the higher of the then Dividend Multiple or Vote Multiple applicable to the Preferred Stock. In the case of property other than securities, the "Fair Market Value" thereof shall be determined in good faith by the Board of Directors of the Company based upon such appraisals or valuation reports of such independent experts as the Board of Directors of the Company shall in good faith determine to be appropriate in accordance with good business practices and the interests of the holders of Rights. Any such determination of Fair Market Value shall be described in a statement filed with the Rights Agent and shall be binding upon the Rights Agent.

(c) All calculations under this Section 11 shall be made to the nearest cent or to the nearest one one-hundredth of a share, as the case may be.

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(d) Irrespective of any adjustment or change in the Exercise Price or the number of shares of Preferred Stock issuable upon the exercise of the Rights, the Rights Certificates heretofore and thereafter issued may continue to express the Exercise Price and the number of shares to be issued upon exercise of the Rights as in the initial Rights Certificates issued heretofore but, nevertheless, shall represent the Rights as so adjusted.

(e) Before taking any action that would cause an adjustment reducing the purchase price per whole share of Preferred Stock upon exercise of the Rights below the then par value, if any, of the shares of Preferred Stock, the Company shall use its best efforts to take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and non-assessable shares of such Preferred Stock at such adjusted purchase price per share.

(f) Anything in this Section 11 to the contrary notwithstanding, in the event of any reclassification of stock of the Company or any recapitalization, reorganization or partial liquidation of the Company or similar transaction, the Company shall be entitled to make such further adjustments in the number of shares of Preferred Stock which may be acquired upon exercise of the Rights, and such adjustments in the Exercise Price therefor, in addition to those adjustments expressly required by the other paragraphs of this Section 11, as the Board of Directors of the Company shall determine to be necessary or appropriate in order for the holders of the Rights in such event to be treated equitably and in accordance with the purpose and intent of this Rights Agreement or in order that any such event shall not, but for such adjustment, in the opinion of counsel to the Company, result in the stockholders of the Company being subject to any United States federal income tax liability by reason thereof.

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(g) In the event the Company shall at any time after the Record Date make any distribution on the shares of Common Stock of the Company, whether by way of a dividend or a reclassification of stock, a recapitalization, reorganization or partial liquidation of the Company or otherwise, in cash or any debt security, debt instrument, real or personal property or any other property (other than any shares of Common Stock or other capital stock of the Company and other than any right or warrant to acquire any such shares, including any debt security convertible into or exchangeable for any such share, at less than the Fair Market Value of such shares) and the amount of such cash dividend or the Fair Market Value of such debt security, debt instrument or property exceeds 150% of the aggregate amount of the cash dividends declared or paid on the Common Stock of the Company in the 15-month period immediately preceding such distribution, then and in each such event, unless such distribution is part of or is made in connection with a transaction to which Section 11(a)(ii) or Section 13 hereof applies, the Exercise Price shall be reduced by an amount equal to the cash or the Fair Market Value of such distribution, as the case may be, per share of Common Stock of the Company. For purposes hereof, the Fair Market Value of any property distributed to the holders of shares of Common Stock of the Company shall be the Fair Market Value of such property as determined by an independent investment banking firm experienced in the valuation of securities or the other property so distributed, as the case may be, selected in good faith by the Board of Directors of the Company, or, if no such investment banking firm is in the good faith judgment of the Board of Directors of the Company available to make such determination, in good faith by the Board of Directors of the Company, whose determination shall be final and binding on the Company, the Rights Agent and the holders of Rights.

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Section 12. Certification of Adjusted Exercise Price or Number of Shares. Whenever an adjustment is made as provided in Section 11, 13 or 23(c), the Company shall (a) promptly prepare a certificate setting forth such adjustment, and a brief statement of the facts and computations giving rise to such adjustment, (b) promptly file with the Rights Agent and with each transfer agent for the Preferred Stock a copy of such certificate and (c) mail a brief summary thereof to each holder of a Rights Certificate in accordance with Section 25. Notwithstanding the foregoing sentence, the failure of the Company to make such certification or give such notice shall not affect the validity of or the force or effect of the requirement for such adjustment. Any adjustment to be made pursuant to Section 11, 13 or 23(c) of this Rights Agreement shall be effective as of the date of the event giving rise to such adjustment. The Rights Agent shall be fully protected in relying on any such certificate and on any adjustment therein contained and shall have no duty with respect to and shall not be deemed to have knowledge of any adjustment unless and until it shall have received such certificate.

Section 13. Consolidation, Merger or Sale or Transfer of Assets or Earning Power.

(a) In the event that, at any time after the time that any Person becomes an Acquiring Person, (x) the Company shall, directly or indirectly, consolidate with, or merge with and into, any other Person or Persons (other than an Exempt Person or Persons) and the Company shall not be the surviving or continuing corporation of such consolidation or merger, or (y) any Person or Persons (other than an Exempt Person) shall, directly or indirectly, consolidate with, or merge with and into, the Company, and the Company shall be the continuing or surviving corporation of such consolidation or merger and, in connection with such consolidation or merger, all or part of the outstanding shares of Common Stock shall be changed

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into or exchanged for stock or other securities of any other Person (other than an Exempt Person) or of the Company or cash or any other property, or (z) the Company or one or more of its Subsidiaries shall, directly or indirectly, sell or otherwise transfer to any other Person or any Affiliate or Associate of such Person, in one or more transactions, or the Company or one or more of its Subsidiaries shall sell or otherwise transfer to any Persons in one or a series of related transactions, assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole), then, on the first occurrence of any such event, proper provision shall be made so that (i) each holder of record of a Right, except as provided in Section 7(e) hereof, shall thereafter have the right to receive, upon the exercise thereof and payment of the Exercise Price in accordance with the terms of this Rights Agreement, such number of shares of validly issued, fully paid, non-assessable and freely tradable Common Stock of the Principal Party (as defined herein), not subject to any liens, encumbrances, rights of first refusal or other adverse claims, as shall equal the result obtained by dividing the Exercise Price by 50% of the Fair Market Value of the Common Stock of the Principal Party on the date of the consummation of such consolidation, merger, sale or transfer; (ii) such Principal Party shall thereafter be liable for, and shall assume, by virtue of such consolidation, merger, sale or transfer, all the obligations and duties of the Company pursuant to this Rights Agreement; (iii) the term "Company" or "Corporation" for all purposes of this Rights Agreement shall thereafter be deemed to refer to such Principal Party; (iv) such Principal Party shall take such steps (including, but not limited to, the reservation of a sufficient number of shares of its Common Stock in accordance with the provisions of Section 9 hereof applicable to the reservation of Preferred Stock) in connection with such consummation as may be necessary to insure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be, in relation to its shares of Common Stock thereafter deliverable upon the exercise of the Rights;

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provided, however, that, upon the subsequent occurrence of any merger, consolidation, sale of all or substantially all of the assets, recapitalization, reclassification of shares, reorganization or other extraordinary transaction in respect of such Principal Party, each holder of a Right shall thereupon be entitled to receive, upon exercise of a Right and payment of the Exercise Price, such cash, shares, rights, warrants and other property which such holder would have been entitled to receive had it, at the time of such transaction, owned the shares of Common Stock of the Principal Party purchasable upon the exercise of a Right, and such Principal Party shall take such steps (including, but not limited to, reservation of shares of stock) as may be necessary to permit the subsequent exercise of the Rights in accordance with the terms hereof for such cash, shares, rights, warrants and other property; and (v) the provisions of Section 11(a)(ii) hereof shall be of no effect following the occurrence of any event described in clause (x), (y) or (z) above of this Section 13(a).

(b) "Principal Party" shall mean:

(i) in the case of any transaction described in (x) or (y) of the first sentence of Section 13(a) hereof: (A) the Person that is the issuer of the securities into which shares of Common Stock of the Company are changed or otherwise exchanged or converted in such merger or consolidation, or, if there is more than one such issuer,

the issuer of the Common Stock of which has the greatest market value or (B) if no securities are so issued, (x) the Person that is the other party to the merger or consolidation and that survives such merger or consolidation, or, if there is more than one such Person, the Person the Common Stock of which has the greatest market value or (y) if the Person that is the other party to the merger or consolidation does not survive the merger or consolidation, the Person that

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does survive the merger or consolidation (including the Company if it survives); and

(ii) in the case of any transaction described in (z) of the first sentence in Section 13(a), the Person that is the party receiving the greatest portion of the assets or earning power transferred pursuant to such transaction or transactions, or, if each Person that is a party to such transaction or transactions receives the same portion of the assets or earning power so transferred or if the Person receiving the greatest portion of the assets or earning power cannot be determined, whichever of such Persons is as the issuer of Common Stock having the greatest market value of shares outstanding; provided, however, that in any such case, if the Common Stock of such Person is not at such time and has not been continuously over the preceding 12-month period registered under Section 12 of the Exchange Act, and such Person is a direct or indirect Subsidiary of another Person the Common Stock of which is and has been so registered, the term "Principal Party" shall refer to such other Person, or if such Person is a Subsidiary, directly or indirectly, of more than one Person, the Common Stocks of all of which are and have been so registered, the term "Principal Party" shall refer to whichever of such Persons is the issuer of the Common Stock having the greatest market value of shares outstanding.

(c) The Company shall not consummate any consolidation, merger or sale or transfer of assets or earning power referred to in Section 13(a) unless the Principal Party shall have a sufficient number of authorized shares of its Common Stock that have not been issued or reserved for issuance to permit exercise in full of all Rights in accordance with this Section 13

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and unless prior thereto the Company and the Principal Party involved therein shall have executed and delivered to the Rights Agent an agreement confirming that the Principal Party shall, upon consummation of such consolidation, merger or sale or transfer of assets or earning power, assume this Rights Agreement in accordance with Section 13(a) hereof and that all rights of first refusal or preemptive rights in respect of the issuance of shares of Common Stock of the Principal Party upon exercise of outstanding Rights have been waived and that such transaction shall not result in a default by the Principal Party under this Rights Agreement, and further providing that, as soon as practicable after the date of any consolidation, merger or sale or transfer of assets or earning power referred to in Section 13(a) hereof, the Principal Party will:

(i) prepare and file a registration statement under the Act with respect to the Rights and the securities purchasable upon exercise of the Rights on an appropriate form, use its best efforts to cause such registration statement to become effective as soon as practicable after such filing and use its best efforts to cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Act) until the date of expiration of the Rights, and similarly comply with applicable state securities laws;

(ii) use its best efforts to list (or continue the listing of) the Rights and the securities purchasable upon exercise of the Rights on a national securities exchange or to meet the eligibility requirements for quotation on NASDAQ; and

(iii) deliver to holders of the Rights historical financial statements for the Principal Party which comply in all respects with the requirements for registration on Form 10 (or any successor form) under the Exchange Act. In the

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event that any of the transactions described in Section 13(a) hereof shall occur at any time after the occurrence of a transaction described in Section 11(a)(ii) hereof, the Rights which have not theretofore been exercised shall, subject to the provisions of Section 7(e) hereof, thereafter be exercisable in the manner described in Section 13(a).

(d) In case the Principal Party which is to be a party to a transaction referred to in this Section 13 has a provision in any of its authorized securities or in its Certificate of Incorporation or By-Laws or other instrument governing its corporate affairs, which provision would have the effect of (i) causing such Principal Party to issue, in connection with, or as a consequence of, the consummation of a transaction referred to in this Section 13, shares of Common Stock of such Principal Party at less than the then Fair Market Value per share (determined pursuant to Section 11(b) hereof) or securities exercisable for, or convertible into, Common Stock of such Principal Party at less than such then Fair Market Value (other than to holders of Rights pursuant to this Section 13) or (ii) providing for any special tax or similar payment in connection with the issuance to any holder of a Right of Common Stock of such Principal Party pursuant to the provisions of this Section 13, then, in such event, the Company shall not consummate any such transaction unless prior thereto the Company and such Principal Party shall have executed and delivered to the Rights Agent a supplemental agreement providing that the provision in question of such Principal Party shall have been canceled, waived or amended, or that the authorized securities shall be redeemed, so that the applicable provision will have no effect in connection with, or as a consequence of, the consummation of the proposed transaction.

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#### Section 14. Fractional Rights and Fractional Shares.

(a) The Company shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights (i.e., Rights to acquire less than one one-hundredth of a share of Preferred Stock), unless such fractional Rights result from a transaction referred to in Section 11(a)(i) hereof. If the Company shall determine not to issue such fractional Rights, then, in lieu of such fractional Rights, there shall be paid to the holders of record of the Rights Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the Fair Market Value of a whole Right.

(b) The Company shall not be required to issue fractions of shares of Preferred Stock (other than fractions which are integral multiples of one-hundredth of a share) upon exercise of the Rights or to distribute certificates which evidence fractional shares (other than fractions which are integral multiples of one-hundredth of a share). In lieu of issuing fractions of shares of Preferred Stock, the Company may, at its election, issue depositary receipts evidencing fractions of shares pursuant to an appropriate agreement between the Company and a depositary selected by it, provided that such agreement shall provide that the holders of such depositary receipts shall have all of the rights, privileges and preferences to which they would be entitled as owners of the Preferred Stock. With respect to fractional shares that are not integral multiples of one-hundredth of a share, if the Company does not issue such fractional shares or depositary receipts in lieu thereof, there shall be paid to the holders of record of Rights Certificates at the time such Rights are exercised as herein provided an amount in cash equal to the same fraction of the Fair Market Value of a share of Preferred Stock.

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(c) The holder of a Right by the acceptance of a Right expressly waives his right to receive any fractional Right or any fractional shares of Preferred Stock (other than fractions which are integral multiples of one one-hundredth of a share) upon exercise of a Right. The Rights Agent shall have no duty or obligation under this Section or under any other Section of this Rights Agreement dealing with fractional shares unless and until the Company has provided the Rights Agent with written notification of what action it proposes to take with respect to such fractional shares and has provided or caused to be provided to the Rights Agent sufficient depositary receipt or cash necessary to satisfy the Company's obligations with respect to fractional shares.

Section 15. Rights of Action. All rights of action in respect of this Rights Agreement, except the rights of action given to the Rights Agent in Section 18 hereof, are vested in the respective registered holders of the Rights Certificates (and, prior to the Distribution Date, the holders of record of the Common Stock); and any holder of record of any Rights Certificate (or, prior to the Distribution Date, of the Common Stock), without the consent of the Rights Agent or of the holder of any other Rights Certificate (or, prior to the Distribution Date, of the Common Stock), may, in his own behalf and for his own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, his right to exercise the Rights evidenced by such Rights Certificate in the manner provided in such Rights Certificate and, in this Rights Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Rights Agreement and will be entitled to specific performance of the obligations under this Rights

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Agreement, and injunctive relief against actual or threatened violations of, the obligations of any Person subject to this Rights Agreement.

Section 16. Agreement of Right Holders. Each holder of a Right, by accepting the same, consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

(a) Prior to the Distribution Date, the Rights shall be evidenced by the Book-Entries representing, or the certificates for, Common Stock registered in the name of the holders of Common Stock (together, as applicable, with the Summary of Rights), which Book-Entries representing, or the certificates for, Common Stock shall also constitute certificates for Rights, and not by separate Rights Certificates, and each Right shall be transferable only simultaneously and together with the transfer of shares of Common Stock;

(b) After the Distribution Date, the Rights Certificates are transferable only on the registry books of the Rights Agent if surrendered at an office of the Rights Agent designated for such purpose, duly endorsed or accompanied by a proper instrument of transfer;

(c) The Company and the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Distribution Date, the associated Book-Entry representing, or certificate for, Common Stock) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Rights Certificates or the associated Common Stock certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary.

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(d) Notwithstanding anything in this Rights Agreement to the contrary, neither the Company nor the Rights Agent shall have any liability to any holder of a Right or a beneficial interest in a Right or other Person as a result of its inability to perform any of its obligations under this Rights Agreement by reason of any preliminary or permanent injunction or other order, decree, judgment or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation; provided, however, the Company must use its best efforts to have any such order, decree or ruling lifted or otherwise overturned as soon as possible; and

(e) Rights Beneficially Owned by certain persons will under certain circumstances set forth in this Rights Agreement become null and void pursuant to Section 7(e) hereof; and

(f) This Rights Agreement may be supplemented or amended from time to time pursuant to Section 26 hereof.

Section 17. Rights Certificate Holder Not Deemed a Stockholder. No holder, as such, of any Rights Certificate shall be entitled to vote, receive dividends or be deemed for any purpose the holder of Preferred Stock or any other securities which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Rights Certificate be construed to confer upon the holder of any Rights Certificate, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof or to give or

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withhold consent to any corporate action or to receive notice of meetings or other actions affecting stockholders (except as provided in Sections 24 and 25 hereof) or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by such Rights Certificate shall have been exercised in accordance with the provisions hereof.

Section 18. Concerning the Rights Agent.

(a) The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the preparation, execution, delivery, amendment and administration of this Rights Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, damage, judgment, fine, penalty, claim, demand, settlement, cost or expense, incurred without gross negligence, bad faith or willful misconduct (each as may be finally determined by a court of competent jurisdiction) on the part of the Rights Agent, for any action taken, suffered or omitted to be taken by the Rights Agent in connection with the acceptance and administration of this Rights Agreement, including without limitation the costs and expenses of defending against any claim of liability relating to the Rights or this Rights Agreement. The indemnity provided herein shall survive the termination of this Agreement and the termination and the expiration of the Rights. The costs and expenses incurred in enforcing this right of indemnification shall be paid by the Company. Any liability of the Rights Agent under this Rights Agreement will be limited to the amount of fees paid by the Company to the Rights Agent. Anything to the contrary notwithstanding, in no event shall the Rights Agent be liable for special, indirect, punitive, consequential or incidental

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loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Rights Agent has been advised of the likelihood of such loss or damage.

(b) The Rights Agent shall be protected against, and shall incur no liability for or in respect of, any action taken, suffered or omitted by it in connection with its acceptance and administration of this Rights Agreement in reliance upon any Rights Certificate or certificate for Preferred Stock or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper person or persons.

Section 19. Merger or Consolidation of, or Change in Name of, the Rights Agent.

(a) Any Person into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any Person resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any Person succeeding to the business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Rights Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such Person would be eligible for appointment as a successor Rights Agent under the provisions of Section 21 hereof. In case at the time such successor Rights Agent shall succeed to the agency created by this Rights Agreement any of the Rights Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any

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of the Rights Certificates shall not have been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Rights Agreement.

(b) In case at any time the name of the Rights Agent shall be changed and at such time any of the Right Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Rights Agreement.

Section 20. Duties of Rights Agent. The Rights Agent undertakes only the duties and obligations expressly imposed by this Rights Agreement upon the following terms and conditions, by all of which the Company and the holders of Rights Certificates by their acceptance thereof shall be bound:

(a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Company), and the advice or opinion of such counsel shall be full and complete authorization and protection to the Rights Agent and the Rights Agent shall incur no liability for or in respect of, any action taken, suffered or omitted by it in good faith and in accordance with such advice or opinion.

(b) Whenever in the performance of its duties under this Rights Agreement the Right Agent shall deem it necessary or desirable that any fact or matter (including, without

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limitation, the identity of any Acquiring Person and the determination of Fair Market Value) be proved or established by the Company prior to taking, suffering or omitting to take any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by the Chairman of the Board, any President or any Vice President and by the Treasurer or the Secretary of the Company and delivered to the Rights Agent. Any such certificate shall be full authorization and protection to the Rights Agent and the Rights Agent shall incur no liability for or in respect of, any action taken, suffered or omitted by it in good faith under the provisions of this Rights Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder to the Company and any other Person only for its own gross negligence, bad faith or willful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Rights Agreement or in the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Rights Agreement or the execution and delivery hereof (except the due execution hereof by the Rights Agent) or in respect of the validity or execution of any Rights Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Rights Agreement or in any Rights Certificate; nor shall it be responsible for any adjustment required under the provisions of Section 11 or 13 hereof or responsible for the manner, method or amount of any such adjustment or the

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ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights evidenced by Rights Certificates after receipt of a certificate describing any such adjustment); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Preferred Stock to be issued pursuant to this Rights Agreement or any Rights Certificate or as to whether any shares of Preferred Stock will, when issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of the Rights Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from the Chairman of the Board, any President or any Vice President or the Secretary or the Treasurer of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered to be taken by it in good faith in accordance with instructions of any such officer.

(h) The Rights Agent and any shareholder, affiliate, director, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become financially interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as

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though it were not the Rights Agent under this Rights Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other Person.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, absent gross negligence, bad faith or willful misconduct in the selection and continued employment thereof.

(j) No provision of this Rights Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if it believes that repayment of such funds or adequate indemnification against such risk or liability is not assured to it.

Section 21. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Rights Agreement upon 30 days notice in writing mailed to the Company and to each transfer agent of the Common Stock and the Preferred Stock by registered or certified mail. The Company may remove the Rights Agent or any successor Rights Agent (with or without cause) upon 30 days notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Stock and the Preferred Stock by registered or certified mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. Notwithstanding the foregoing provisions of this Section 21, in no event shall the resignation or removal of a Rights Agent be effective until a

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successor Rights Agent shall have been appointed and have accepted such appointment. If the Company shall fail to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Rights Certificate (who shall, with such notice, submit his Rights Certificate for inspection by the Company), then the incumbent Rights Agent or the holder of record of any Rights Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be (a) a Person organized and doing business under the laws of the United States or of any state thereof, in good standing, which is subject to supervision or examination by federal or state authorities and which has at the time of its appointment as Rights Agent a combined capital and surplus of at least \$50,000,000 or (b) an Affiliate controlled by a Person described in clause (a) of this sentence. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed, but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Stock and Preferred Stock, and mail a notice thereof in writing to the registered holders of the Rights Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be. Notwithstanding the foregoing provisions, in the event of resignation, removal or incapacity of the Rights Agent, the Company shall have the authority to act as the Rights

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Agent until a successor Rights Agent shall have assumed the duties of the Rights Agent hereunder.

Section 22. Issuance of New Rights Certificates. Notwithstanding any of the provisions of this Rights Agreement or of the Rights to the contrary, the Company may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Board of Directors of the Company to reflect any adjustment or change in the Exercise Price per share and the number or kind or class of shares of stock or other securities or property purchasable under the Rights Certificates made in accordance with the provisions of this Rights Agreement.

Section 23. Redemption.

(a) The Company may, at its option, but only by the vote of a majority of its Board of Directors, redeem all but not less than all of the then outstanding Rights, at any time prior to the Close of Business on the earlier of (i) the tenth day following the Stock Acquisition Date (subject to extension by the Company as provided in Section 26 hereof) or (ii) the Expiration Date, at a redemption price of \$0.01 per Right, subject to adjustments as provided in subsection (c) below (the "Redemption Price"). Notwithstanding anything contained in this Rights Agreement to the contrary, the Rights shall not be exercisable pursuant to Section 11(a)(ii) prior to the expiration of the Company's right of redemption hereunder.

(b) Without any further action and without any notice, the right to exercise the Rights will terminate effective at the time so designated by action of the Board of Directors of the Company ordering the redemption of the Rights and the only right thereafter of the holders of Rights shall be to receive the Redemption Price. Within 10 days after the effective time of the

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action of the Board of Directors of the Company ordering the redemption of the Rights, the Company shall give notice of such redemption to the holders of the then outstanding Rights by mailing such notice to all such holders at their last addresses as they appear upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the transfer agent for the Common Stock. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each notice of redemption will state the method by which the payment of the Redemption Price will be made. At the option of the Company's Board of Directors, the Redemption Price may be paid in cash to each Rights holder or by the issuance of shares (and, at the Company's election pursuant to Section 14(b) hereof, cash or depositary receipts in lieu of fractions of shares other than fractions which are integral multiples of one one-hundredth (1/100) of a share) of Preferred Stock or Common Stock having a Fair Market Value equal to such cash payment.

(c) In the event the Company shall at any time after the date of this Rights Agreement (A) pay any dividend on Common Stock in shares of Common Stock, (B) subdivide or split the outstanding shares of Common Stock into a greater number of shares or (C) combine or consolidate the outstanding shares of Common Stock into a smaller number of shares or effect a reverse split of the outstanding shares of Common Stock, or (D) combine or consolidate the outstanding shares of Common Stock into a smaller number of shares of its capital stock in a reclassification of the Common Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), then, and in each such event, the Redemption Price shall be appropriately adjusted to reflect the foregoing.

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Section 24. Notice of Proposed Actions.

(a) In case the Company, after the Distribution Date, shall propose (i) to effect any of the transactions referred to in Section 11(a)(i) or 11(g) or (ii) to offer to the holders of record of its Common Stock options, warrants, or other rights to subscribe for or to purchase shares of Common Stock (including any security convertible into or exchangeable for Common Stock) or shares of stock of any class or any other securities, options, warrants, convertible or exchangeable securities or other rights, or (iii) to effect any reclassification of its Preferred Stock or Common Stock or any recapitalization or reorganization of the Company, or (iv) to effect any consolidation or merger with or into, or to effect any sale or other transfer (or to permit one or more of its Subsidiaries to effect any sale or other transfer), in one or more transactions, of more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person or Persons, or (v) to effect the liquidation, dissolution or winding up of the Company, then, in each such case, the Company shall give to each holder of record of a Rights Certificate, in accordance with Section 25, notice of such proposed action, which shall specify the record date for the purposes of such transaction referred to in Section 11(a)(i) or such dividend or distribution, or the date on which such reclassification, recapitalization, reorganization, consolidation, merger, sale or transfer of assets, liquidation, dissolution, or winding up is to take place and the record date for determining participation therein by the holders of record of Common Stock or Preferred Stock, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (i) or (ii) above at least 10 days prior to the record date for determining holders of record of the Preferred Stock for purposes of such action, and in the case of any such other action, at least 10 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of record

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of Common Stock or Preferred Stock, whichever shall be the earlier. The failure to give notice required by this Section 24 or any defect therein shall not affect the legality or validity of the action taken by the Company or the vote upon any such action.

(b) In case any of the transactions referred to in Section 11(a)(i), 11(g) or 13 of this Rights Agreement are proposed, then, in any such case, the Company shall give to the Rights Agent and to each holder of Rights, in accordance with Section 25 hereof, notice of the proposal of such transaction at least 10 days prior to consummating such transaction, which notice shall specify the proposed event and the consequences of the event to holders of Rights under Section 11(a)(i), 11(g) or 13 hereof, as the case may be, and, upon consummating such transaction, shall similarly give notice thereof to the Rights Agent and to each holder of Rights.

Section 25. Notices. Notices or demands authorized by this Rights Agreement to be given or made by the Rights Agent or by the holder of record of any Rights Certificate or Right to or on the Company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

Minerals Technologies Inc.  
405 Lexington Avenue  
New York, NY 10174-1901  
Attention: Corporate Secretary

Subject to the provisions of Section 21, any notice or demand authorized by this Rights Agreement to be given or made by the Company or by the holder of record of any Rights Certificate or Right to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

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ChaseMellon Shareholder Services, L.L.C.  
450 West 33<sup>rd</sup> Street, 10<sup>th</sup> Floor  
New York, NY 10001  
Attention: Relationship Manager

Notices or demands authorized by this Rights Agreement to be given or made by the Company or the Rights Agent to the holder of record of any Rights Certificate or Right shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company.

Section 26. Supplements and Amendments. For as long as the Rights are then redeemable, the Company may in its sole and absolute discretion, and, subject to the provisions of this Section, the Rights Agent shall if the Company so directs, supplement or amend any provision of this Rights Agreement without the approval of any holders of the Rights. At any time when the Rights are not then redeemable, the Company may, and subject to the provisions of this Section, the Rights Agent shall if the Company so directs, supplement or amend this Rights Agreement without the approval of any holders of Rights Certificates (i) to cure any ambiguity, (ii) to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein or (iii) to change or supplement the provisions hereunder in any manner which the Company may deem necessary or desirable, provided that no such supplement or amendment pursuant to this clause (iii) shall materially adversely affect the interest of the holders of Rights Certificates. Upon the delivery of a certificate from an appropriate officer of the Company which states that the proposed supplement or amendment is in compliance with the terms of this Section 26 and provided that such amendment or supplement does not change or increase the Rights Agent's duties, liabilities or obligations, the Rights Agent shall execute such supplement or amendment. This Agreement may be amended or supplemented at any time with the approval of a majority of the registered holders of the Right

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Certificates (and, prior to the Distribution Date, the Common Stock). Notwithstanding anything contained in this Rights Agreement to the contrary, no supplement or amendment shall be made which changes the Redemption Price or the Expiration Date and supplements or amendments may be made after the time that any Person becomes an Acquiring Person (other than pursuant to a Qualifying Tender Offer) only if such supplement or amendment is approved by the Company's Board of Directors.

Section 27. Exchange.

(a) The Board of Directors of the Company may, at its option, at any time after any Person becomes an Acquiring Person, exchange all or part of the then outstanding and exercisable Rights (which shall not include Rights that have become null and void pursuant to the provisions of Section 7(e) hereof) for shares of Common Stock at an exchange ratio of one share per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such exchange ratio being hereinafter referred to as the "Exchange Ratio"). Notwithstanding the foregoing, the Company's Board of Directors shall not be empowered to effect such exchange at any time after any Person (other than an Exempt Person), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner of 50% or more of the Voting Stock then outstanding .

(b) Immediately upon the action of the Board of Directors of the Company ordering the exchange of any Rights pursuant to paragraph (a) of this Section 27 and without any further action and without any notice, the right to exercise such Rights shall terminate and the only right thereafter of the holders of such Rights shall be to receive that number of shares of

Exchange Ratio. The Company shall promptly give public notice of any such exchange (with prompt written notice thereof to the Rights Agent); PROVIDED, HOWEVER, that the failure to give, or any defect in, such notice shall not affect the validity of such exchange. The Company promptly shall mail a notice of any such exchange to all of the holders of such Rights at their last addresses as they appear upon the registry books of the Rights Agent. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange of the shares of Common Stock for Rights will be effected and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which have become null and void pursuant to the provisions of Section 7(e) hereof) held by each holder of Rights.

(c) In the event that there shall not be sufficient shares of Common Stock issued but not outstanding or authorized but unissued to permit any exchange of Rights as contemplated in accordance with this Section 27, the Company shall take all such action as may be necessary to authorize additional shares of Common Stock for issuance upon exchange of the Rights.

(d) The Company shall not be required to issue fractions of shares of Common Stock or to distribute certificates which evidence fractional shares. In lieu of such fractional shares, the Company shall pay to the registered holders of the Rights Certificates with regard to which such fractional shares of Common Stock would otherwise be issuable an amount in cash equal to the same fraction of the current market value of a whole share of Common Stock. For the purposes of this paragraph (d), the current market value of a whole share of

Common Stock shall be the closing price of a share of Common Stock for the Trading Day immediately prior to the date of exchange pursuant to this Section 27.

Section 28. Successors. All of the covenants and provisions of this Rights Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 29. Benefits of this Rights Agreement. Nothing in this Rights Agreement shall be construed to give to any Person or corporation other than the Company, the Rights Agent and the registered holders of the Rights Certificates (and, prior to the Distribution Date, the holders of Common Stock in their capacity as holders of the Rights) any legal or equitable right, remedy or claim under this Rights Agreement; but this Rights Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the holders of record of the Rights Certificates (and, prior to the Distribution Date, the holders of Common Stock in their capacity as holders of the Rights).

Section 30. Delaware Contract. This Rights Agreement and each Rights Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed and enforced in accordance with the laws of such state applicable to contracts to be made and performed entirely within such state; provided, however, that all provisions hereof regarding the rights, duties and obligations of the Rights Agent shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts made and to be performed entirely within such state.

Section 31. Counterparts. This Rights Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 32. Descriptive Headings. Descriptive headings of the several Sections of this Rights Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 33. Severability. If any term, provision, covenant or restriction of this Rights Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Rights Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 34. Determinations And Actions By The Board Of Directors, Etc. The Board of Directors of the Company shall have the exclusive power and authority to administer this Rights Agreement and to exercise all rights and powers specifically granted to the Company or to the Board of Directors of the Company, or as may be necessary or advisable in the administration of this Rights Agreement, including, without limitation, the right and power to (i) interpret the provisions of this Rights Agreement and (ii) make all determinations deemed necessary or advisable for the administration of this Rights Agreement (including a determination to redeem or not redeem the Rights or to amend the Rights Agreement and a determination of whether there is an Acquiring Person). All such actions, calculations, interpretations and determinations (including, for purposes of clause (y) below, all omissions with respect to the foregoing) which are done or made by the Company's Board of Directors in

good faith shall (x) be final, conclusive and binding on the Company, the Rights Agent, the holders of the Rights and all other parties, and (y) not subject the Company's Board of Directors to any liability to the holders of the Rights. The Rights Agent shall always be entitled to assume that the Company's Board of Directors acted in good faith and shall be fully protected and incur no liability in reliance thereon.

**IN WITNESS WHEREOF**, the parties hereto have caused this Rights Agreement to be duly executed, all as of the day and year first above written.

MINERALS TECHNOLOGIES INC.

By: /s/ S. Garrett Gray

Name: S. Garrett Gray

Title: Vice President

CHASEMELLON SHAREHOLDER SERVICES, L.L.C

By: /s/ Kimberly Crowell

Name: Kimberly Crowell

Title: Assistant Vice President



UNDER CERTAIN CIRCUMSTANCES AS PROVIDED IN THE RIGHTS AGREEMENT (AS REFERRED TO BELOW), RIGHTS ISSUED TO OR BENEFICIALLY OWNED BY ACQUIRING PERSONS OR THEIR AFFILIATES OR ASSOCIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR ANY SUBSEQUENT HOLDER OF SUCH RIGHTS SHALL BE NULL AND VOID AND MAY NOT BE TRANSFERRED TO ANY PERSON.

Minerals Technologies Inc.

SUMMARY OF RIGHTS TO PURCHASE  
SERIES A JUNIOR PREFERRED STOCK

On August 27, 1999, the Board of Directors of Minerals Technologies Inc. (the "Company") declared a dividend distribution of one preferred stock purchase right (a "Right") for each outstanding share of Common Stock, \$0.10 par value per share (the "Common Stock"), of the Company held by stockholders of record on September 13, 1999 (the "Record Date"). Each Right entitles the registered holder to purchase from the Company one one-hundredth (1/100) of a share of preferred stock of the Company, designated as Series A Junior Preferred Stock (the "Preferred Stock") at a price of \$[ ] per one one-hundredth (1/100) of a share (the "Exercise Price"). The description and terms of the Rights are set forth in that certain Rights Agreement (the "Rights Agreement"), effective as of September 13, 1999, between the Company and ChaseMellon Shareholder Services, L.L.C., as Rights Agent (the "Rights Agent").

As discussed below, initially the Rights will not be exercisable, certificates will not be sent to stockholders and the Rights will automatically trade with the Common Stock.

The Rights, unless earlier redeemed by the Board of Directors of the Company, become exercisable upon the close of business on the day (the "Distribution Date") which is the

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earlier of (i) the tenth day following the first date (the "Stock Acquisition Date") on which there is a public announcement that a person or group of affiliated or associated persons (an "Acquiring Person"), with certain exceptions set forth below, has acquired beneficial ownership of 15% or more of the outstanding voting stock of the Company or such earlier or later date (not beyond the thirtieth day after the Stock Acquisition Date) as the Board of Directors of the Company may determine or (ii) the tenth business day (or such later date as may be determined by the Board of Directors of the Company prior to such time as any person or group of affiliated or associated persons becomes an Acquiring Person) after the date of the commencement or announcement of a person's or group's intention to commence a tender or exchange offer the consummation of which would result in the ownership of 15% or more of the Company's outstanding voting stock (even if no shares are actually purchased pursuant to such offer). Prior to the Distribution Date, the Rights will not be exercisable, will not be represented by a separate certificate, and will not be transferable apart from the Common Stock, but will instead be evidenced, (i) with respect to any of the shares of Common Stock held in uncertificated book-entry form (a "Book-Entry") outstanding as of the Record Date, by such Book-Entry and (ii) with respect to the shares of Common Stock evidenced by Common Stock certificates outstanding as of the Record Date, by such Common Stock certificate, together with a copy of this Summary of Rights. An Acquiring Person does not include (A) the Company, (B) any subsidiary of the Company, (C) any employee benefit plan or employee stock plan of the Company or of any subsidiary of the Company, or any trust or other entity organized, appointed, established or holding Common Stock for or pursuant to the terms of any such plan or (D) any person or group whose ownership of 15% or more of the shares of voting stock of the Company then outstanding results solely from (i) any action or transaction or transactions approved by the Board of Directors of the Company before such person or group became an Acquiring Person or

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(ii) a reduction in the number of outstanding shares of voting stock of the Company pursuant to a transaction or transactions approved by the Board of Directors of the Company (provided that any person or group that does not become an Acquiring Person by reason of clause (i) or (ii) above shall become an Acquiring Person upon acquisition of an additional 1% or more of the Company's voting stock unless such acquisition of additional voting stock will not result in such person or group becoming an Acquiring Person by reason of such clause (i) or (ii). For purposes of the foregoing, outstanding voting stock of the Company includes voting stock that trades on a "when issued" basis on a national securities exchange or on the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ").

Until the Distribution Date (or earlier redemption or expiration of the Rights), new Common Stock certificates issued after September 13, 1999 will contain a legend incorporating the Rights Agreement by reference. Until the Distribution Date (or earlier redemption or expiration of the Rights), transfer on the Company's Direct Registration System of any Common Stock represented by a Book-Entry or a certificate outstanding as of September 13, 1999, and, in each case, with or without a copy of this Summary of Rights attached thereto, will also constitute the transfer of the Rights associated with the Common Stock represented by such Book-Entry or certificate. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights ("Rights Certificates") will be mailed to holders of record of the Common Stock as of the close of business on the Distribution Date and such separate Rights Certificates alone will evidence the Rights from and after the Distribution Date.

The Rights are not exercisable until the Distribution Date. Unless earlier redeemed by the Company as described below, the Rights will expire at the close of business on September 13, 2009 (the "Expiration Date") (or, if the Distribution Date shall have occurred

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before September 13, 2009, at the close of business on the 90th day following the Distribution Date).

The Preferred Stock is nonredeemable and, unless otherwise provided in connection with the creation of a subsequent series of preferred stock, ranks (i) junior to any other series of the Company's preferred stock and (ii) senior to the Common Stock. The Preferred Stock may not be issued except upon exercise of Rights. Each share of Preferred Stock will be entitled to receive when, as and if declared, a quarterly dividend in an amount equal to (i) 100 times the cash dividends declared on the Company's Common Stock, and (ii) a preferential cash dividend, if any, in preference to holders of Common Stock in an amount equal to \$1.00 per share of Preferred Stock less the per share amount of all cash dividends declared on the Preferred Stock pursuant to clause (i) since the immediately preceding quarterly dividend payment date. In addition, Preferred Stock is entitled to 100 times any noncash dividends (other than dividends payable in equity securities) declared on the Common Stock, in like kind. In the event of the liquidation of the Company, the holders of Preferred Stock will be entitled to receive, for each share of Preferred Stock, a payment in an amount equal to the greater of \$1.00 per one one-hundredth of a share plus accrued and unpaid dividends and distributions thereon or 100 times the payment made per share of Common Stock. Each share of Preferred Stock will have 100 votes, voting together with the Common Stock. In the event of any merger, consolidation or other transaction in which Common Stock is exchanged, each share of Preferred Stock will be entitled to receive 100 times the amount received per share of Common Stock. The rights of Preferred Stock as to dividends, liquidation and voting are protected by anti-dilution provisions. If the dividends accrued on the Preferred Stock for four or more quarterly dividend periods, whether consecutive or not, shall not have been declared and paid or irrevocably set aside for

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payment, the holders of record of the Preferred Stock of the Company of all series (including the Preferred Stock) will have the right to elect two members to the Company's Board of Directors.

The number of shares of Preferred Stock issuable upon exercise of the Rights is subject to certain adjustments from time to time in the event of a stock dividend on, or a subdivision or combination of, the Common Stock. The Exercise Price for the Rights is subject to adjustment in the event of extraordinary distributions of cash or other property to holders of Common Stock.

Unless the Rights are earlier redeemed, in the event that, after the time that a Person becomes an Acquiring Person, the Company were to be acquired in a merger or other business combination (in which any shares of Common Stock are changed into or exchanged for other securities or assets) or more than 50% of the assets or earning power of the Company and its subsidiaries (taken as a whole) were to be sold or transferred in one or a series of related transactions, the Rights Agreement provides that proper provision will be made so that each holder of record, other than the Acquiring Person, of a Right will from and after such date have the right to receive, upon payment of the Exercise Price, that number of shares of common stock of the acquiring company having a market value at the time of such transaction equal to two times the Exercise Price.

In addition, unless the Rights are earlier redeemed, in the event that a person or group becomes an Acquiring Person, the Rights Agreement provides that proper provision will be made so that each holder of record of a Right, other than the Acquiring Person (whose Rights will thereupon become null and void), will thereafter have the right to receive, upon payment

market value at the time of the transaction equal to two times the Exercise Price (such market value to be determined with reference to the market value of the Company's Common Stock as provided in the Rights Agreement).

At any time after any person or group becomes an Acquiring Person and prior to the acquisition by such person or group of 50% or more of the outstanding voting stock, the Board of Directors of the Company may exchange the Rights (other than Rights owned by such person or group which will have become void), in whole or in part, at an exchange ratio of one share of Common Stock per Right (subject to adjustment).

Fractions of shares of Preferred Stock (other than fractions which are integral multiples of one one-hundredth of a share) may, at the election of the Company, be evidenced by depositary receipts. The Company may also issue cash in lieu of fractional shares which are not integral multiples of one one-hundredth of a share.

At any time on or prior to the close of business on the earlier of (i) the tenth day after the Stock Acquisition Date (or such later date as a majority of the Board of Directors of the Company may determine) or (ii) the Expiration Date, the Company may redeem the Rights in whole, but not in part, at a price of \$0.01 per Right (the "Redemption Price"). Immediately upon the effective time of the action of the Board of Directors of the Company authorizing redemption of the Rights, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

For as long as the Rights are then redeemable, the Company may amend the Rights in any manner, including an amendment to extend the time period in which the Rights may be redeemed. At any time when the Rights are not then redeemable, the Company may

amend the Rights in any manner that does not materially adversely affect the interests of holders of the Rights as such.

Until a Right is exercised, the holder, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

A copy of the Rights Agreement has been filed with the Securities and Exchange Commission as an Exhibit to the Company's report on Form 8-K dated September [ ], 1999. A copy of the Rights Agreement is available free of charge from the Company. This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement which is incorporated in this summary description herein by reference.

EXHIBIT B  
TO RIGHTS AGREEMENT

[Form of Rights Certificate]

Certificate No. W - \_\_\_\_\_ Rights

NOT EXERCISABLE AFTER (I) SEPTEMBER 13, 2009, OR (II) IF THE DISTRIBUTION DATE (AS DEFINED BELOW) SHALL HAVE OCCURRED BEFORE THE DATE SPECIFIED IN CLAUSE (I), THE DATE WHICH IS NINETY (90) DAYS AFTER THE DISTRIBUTION DATE, OR EARLIER IF REDEEMED. THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE COMPANY AND UNDER CERTAIN OTHER CIRCUMSTANCES, AT \$0.01 PER RIGHT (SUBJECT TO ADJUSTMENT), ON THE TERMS SET FORTH OR REFERRED TO IN THE RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES AS PROVIDED IN THE RIGHTS AGREEMENT (AS REFERRED TO BELOW), RIGHTS ISSUED TO OR BENEFICIALLY OWNED BY ACQUIRING PERSONS OR THEIR AFFILIATES OR ASSOCIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR ANY SUBSEQUENT HOLDER OF SUCH RIGHTS SHALL BE NULL AND VOID AND MAY NOT BE TRANSFERRED TO ANY PERSON.

Rights Certificate

This certifies that \_\_\_\_\_, or registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of that certain Rights Agreement, effective as of September 13, 1999 (the "Rights Agreement") between Minerals Technologies Inc. (the "Company"), and ChaseMellon Shareholder Services, L.L.C., (the "Rights Agent"), to purchase from the Company at any time after the Distribution Date (as such term is defined in the Rights Agreement) and prior to 5:00 p.m. (New York City time) on September 13, 2009 (or if the Distribution Date shall have occurred before September 13, 2009, at the close of business on the 90th day following the Distribution Date) at the office of the Rights Agent designated in the Rights Agreement for such purpose, or its successor as Rights Agent, in New York, NY, one one-hundredth (1/100) of a fully paid nonassessable share of Series A Junior Preferred Stock of

the Company (the "Preferred Stock") at a purchase price of \$[ ], as the same may from time to time be adjusted in accordance with the Rights Agreement (the "Exercise Price"), upon presentation and surrender of this Rights Certificate with the Form of Election to Purchase attached hereto duly executed.

As provided in the Rights Agreement, the Exercise Price and the number of shares of Preferred Stock which may be purchased upon the exercise of the Rights evidenced by this Rights Certificate are subject to modification and adjustment upon the happening of certain events and, upon the happening of certain events, securities other than shares of Preferred Stock, or other property, may be acquired upon exercise of the Rights evidenced by this Rights Certificate, as provided in the Rights Agreement.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities of the Rights Agent, the Company and the holders of record of Rights Certificates. Copies of the Rights Agreement are on file at the principal executive office of the Company.

This Rights Certificate, with or without other Rights Certificates, upon surrender at the office of the Rights Agent designated in the Rights Agreement for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing Rights entitling the holder of record to purchase a like aggregate number of shares of Preferred Stock as the Rights evidenced by the Rights Certificate or Rights Certificates surrendered shall have entitled such holder to purchase. If this Rights Certificate shall be exercised in part, the

holder shall be entitled to receive upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate may be redeemed by the Company at its option or under certain other circumstances at a redemption price of \$0.01 per Right. No fractional shares of Preferred Stock (other than fractions which are integral multiples of one one-hundredth (1/100) of a share) are required to be issued upon the exercise of any Right or Rights evidenced hereby, and in lieu thereof the Company may cause depositary receipts to be issued and/or a cash payment may be made, as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Preferred Stock or of any other securities of the Company which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings or other actions affecting stockholders (except as provided in the Rights Agreement), or to receive dividends or

subscription rights, or otherwise, until the Right or Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement. This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

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WITNESS the facsimile signature of the proper officers of the Company and its corporate seal. Dated as of \_\_\_\_\_, \_\_\_\_\_.

ATTEST:

\_\_\_\_\_  
Secretary By: \_\_\_\_\_  
Title:

Countersigned:

CHASEMELLON SHAREHOLDER SERVICES, L.L.C.

By: \_\_\_\_\_

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[Form of Reverse Side of Rights Certificate]

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Rights Certificates.)

FOR VALUE RECEIVED \_\_\_\_\_ hereby sells, assigns and transfers unto

\_\_\_\_\_  
\_\_\_\_\_  
(Please print name and address of transferee)

and does hereby irrevocably constitute and appoint \_\_\_\_\_ Attorney to transfer the within Rights Certificate on the books of the within-named Company, with full power of substitution.

Dated: \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Signature

Signature Guaranteed:

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Certificate

The undersigned hereby certifies by checking the appropriate boxes that:

- (1) this Rights Certificate [ ] is [ ] not being sold, assigned or transferred by or on behalf of a Person who is or was an Acquiring Person or an Associate or an Affiliate thereof (as such terms are defined in the Rights Agreement); and
- (2) after due inquiry and to the best knowledge of the undersigned, it [ ] did [ ] did not acquire the Rights evidenced by this Rights Certificate from any Person who is, was or subsequently became an Acquiring Person or an Affiliate or Associate thereof (as such terms are defined in the Rights Agreement).

Dated: \_\_\_\_\_, \_\_\_\_\_  
Signature

NOTICE

The signature to the foregoing Assignment and Certificate must correspond to the name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.

FORM OF ELECTION TO PURCHASE

(To be executed if registered holder desires to exercise the Rights Certificate.)

TO: \_\_\_\_\_

The undersigned hereby irrevocably elects to exercise \_\_\_\_\_ Rights represented by this Rights Certificate to purchase the shares of Preferred Stock issuable upon the exercise of such Rights and requests that certificates for such share(s) be issued in the following name:

Please insert social security  
or other identifying number: \_\_\_\_\_

\_\_\_\_\_  
(Please print name and address)

\_\_\_\_\_. If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance remaining of such Rights shall be registered in the name of and delivered to:

Please insert social security  
or other identifying number: \_\_\_\_\_

\_\_\_\_\_  
(Please print name and address)

\_\_\_\_\_

Dated: \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Signature  
(Signature must conform in all respects to name of holder as specified on the fact of this Rights Certificate)

Signature Guaranteed

FORM OF  
AMENDED CERTIFICATE OF DESIGNATIONS  
OF  
SERIES A JUNIOR PREFERRED STOCK  
OF  
MINERALS TECHNOLOGIES INC.

Pursuant to Section 151 of the Delaware  
General Corporation Law

MINERALS TECHNOLOGIES INC., a company organized and existing under the laws of the State of Delaware (the "Company"), DOES HEREBY CERTIFY:

1. That by resolution of the Board of Directors of the Company dated October 26, 1992 and by a Certificate of Designations filed in the office of the Secretary of State of Delaware on November 12, 1992, the Company authorized the issuance of a series of 280,000 shares of Series A Junior Participating Preferred Stock of the Company (the "Series A Preferred Stock") and established the voting powers, designations, preferences and relative participating and other rights, and the qualifications, limitations or restrictions thereof.
2. That as of the date hereof no shares of such Series A Preferred Stock are outstanding and no shares of such Series A Preferred Stock have been issued.
3. That pursuant to authority conferred on the Board of Directors of the Company by its Amended and Restated Certificate of Incorporation and the provisions of Section 151(g) of the General Corporation Law of the State of Delaware, the Board of Directors of the Company on August 27, 1999 adopted the following resolution amending in their entireties the voting powers, preferences, and relative participating, optional or other special rights of the shares of the Series A Preferred Stock, and the qualifications, limitations or

restrictions thereof effective upon the redemption of the rights (the "1992 Rights") issued pursuant to the Rights Agreement between the Company and ChaseMellon Shareholder Services, L.L.C., as successor Rights Agent, dated October 26, 1992.

RESOLVED, that effective upon the redemption of the 1992 Rights and pursuant to the authority conferred upon the Board of Directors of the Company by its Amended and Restated Certificate of Incorporation and by the provisions of Section 151(g) of the General Corporation Law of the State of Delaware, the voting powers, preferences and relative participating, optional or other special rights of the Series A Junior Preferred Stock of the Company, and the qualifications, limitations or restrictions thereof, be, and the same hereby are, amended in their entireties to be as follows:

RESOLVED, that pursuant to the authority vested in the Board of Directors of the Company in accordance with the provisions of its Amended and Restated Certificate of Incorporation, a series of Preferred Stock of the Company be, and hereby is, created and that the designation and amount thereof and the voting powers, preferences and relative participating, optional or other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Preferred Stock" (the "Series A Junior Preferred Stock") and the number of shares constituting such series shall be [280,000].

Section 2. Dividends and Distributions.

(A) Subject to the provisions for adjustment hereinafter set forth, the holders of shares of Series A Junior Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Company out of funds legally available for the purpose, (i) cash dividends in an amount per share (rounded to the nearest cent) equal to 100 times the aggregate per share amount of all cash dividends declared or paid on the Common Stock, \$0.10 par value per share, of the Company (the "Common Stock") and (ii) a preferential cash dividend (the "Preferential Dividends"), if any, in preference to the holders of Common Stock, on the first day of February, May, August and November of each year (each a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Junior Preferred Stock, payable in an amount (except in the case of the first Quarterly Dividend Payment if the date of the first issuance of Series A Junior Preferred Stock is a date other than a Quarterly Dividend Payment date, in which case such payment shall be a prorated amount of such amount) equal to \$1.00 per share of Series A Junior Preferred Stock less the per share amount of all cash dividends declared on the Series A Junior Preferred Stock pursuant to clause (i) of this sentence since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Junior Preferred Stock. In the event the Company shall, at any time after the issuance of any share or fraction of a share of Series A Junior Preferred Stock, make any distribution on the shares of Common Stock of the Company, whether by way of a dividend or a reclassification of stock, a recapitalization, reorganization or partial liquidation of the Company or otherwise, which is payable in cash or any debt security, debt instrument, real or personal property or any other property (other than

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cash dividends subject to the immediately preceding sentence, a distribution of shares of Common Stock or other capital stock of the Company or a distribution of rights or warrants to acquire any such share, including any debt security convertible into or exchangeable for any such share, at a price less than the Fair Market Value (as hereinafter defined) of such share), then, and in each such event, the Company shall simultaneously pay on each then outstanding share of Series A Junior Preferred Stock of the Company a distribution, in like kind, of 100 times such distribution paid on a share of Common Stock (subject to the provisions for adjustment hereinafter set forth). The dividends and distributions on the Series A Junior Preferred Stock to which holders thereof are entitled pursuant to clause (i) of the first sentence of this paragraph and pursuant to the second sentence of this paragraph are hereinafter referred to as "Dividends" and the multiple of such cash and non-cash dividends on the Common Stock applicable to the determination of the Dividends, which shall be 100 initially but shall be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Dividend Multiple." In the event the Company shall at any time after September 13, 1999 (i) declare or pay any dividend or make any distribution on Common Stock payable in shares of Common Stock, (ii) effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, or (iii) issue any shares of its capital stock in a reclassification of the Common Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), then in each such case the Dividend Multiple thereafter applicable to the determination of the amount of Dividends which holders of shares of Series A Junior Preferred Stock shall be entitled to receive shall be the Dividend Multiple applicable immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Common

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Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Company shall declare each Dividend at the same time it declares any cash or non-cash dividend or distribution on the Common Stock in respect of which a Dividend is required to be paid. No cash or non-cash dividend or distribution on the Common Stock in respect of which a Dividend is required to be paid shall be paid or set aside for payment on the Common Stock unless a Dividend in respect of such dividend or distribution on the Common Stock shall be simultaneously paid, or set aside for payment, on the Series A Junior Preferred Stock.

(C) Preferential Dividends shall begin to accrue on outstanding shares of Series A Junior Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issuance of any shares of Series A Junior Preferred Stock. Accrued but unpaid Preferential Dividends shall cumulate but shall not bear interest. Preferential Dividends paid on the shares of Series A Junior Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

Section 3. Voting Rights. The holders of shares of Series A Junior Preferred Stock shall have the following voting rights:

(A) Subject to the provisions for adjustment hereinafter set forth, each share of Series A Junior Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the holders of the Common Stock. The number of votes which a holder of Series A Junior Preferred Stock is entitled to cast, as the same may be adjusted from time to time

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as hereinafter provided, is hereinafter referred to as the "Vote Multiple." In the event the Company shall at any time after September 13, 1999, (i) declare or pay any dividend on Common Stock payable in shares of Common Stock, (ii) effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, or (iii) issue any shares of its capital stock in a reclassification of the Common Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), then in each such case the Vote Multiple thereafter applicable to the determination of the number of votes per share to which holders of shares of Series A Junior Preferred Stock shall be entitled after such event shall be the Vote Multiple immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in the Amended and Restated Certificate of Incorporation or By-Laws, the holders of shares of Series A Junior Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Company.

(C) In the event that the Preferential Dividends accrued on the Series A Junior Preferred Stock for four or more quarterly periods, whether or not consecutive, shall not have been declared and paid or set apart for payment, the holders of record of the Series A Junior Preferred Stock, voting together with the holders of record of any other series of preferred stock of the Company which shall then have the right, expressly granted by the Amended and Restated Certificate of Incorporation of the Company or in any resolution or resolutions of the Board of

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Directors of the Company providing for the issue of such shares of preferred stock, to elect directors upon such a default in the payment of dividends by the Company shall have the right, at the next meeting of stockholders called for the election of directors, voting together as a class, to elect two members to the Board of Directors of the Company, which directors shall be in addition to the number provided for pursuant to the Company's By laws prior to such event, to serve until the next Annual Meeting and until their successors are elected and qualified or their earlier resignation, removal or incapacity or until such earlier time as all accrued and unpaid Preferential Dividends upon the outstanding shares of Series A Junior Preferred Stock shall have been paid (or irrevocably set aside for payment) in full. The holders of shares of Series A Junior Preferred Stock shall continue to have the right to elect directors as provided by the immediately preceding sentence until all accrued and unpaid Preferential Dividends upon the outstanding shares of Series A Junior Preferred Stock shall have been paid (or set aside for payment) in full. Such directors may be removed and replaced by such stockholders, and vacancies in such directorships may be filled only by such stockholders (or by the remaining director elected by such stockholders, if there be one) in the manner permitted by law. Subject to the foregoing, any directors elected pursuant to this paragraph 3(C) shall be elected annually and shall not constitute members of any Class of directors as contemplated by of the Company's Amended and Restated Certificate of Incorporation.

(D) Except as otherwise required by the Amended and Restated Certificate of Incorporation or By-Laws or set forth herein, holders of Series A Junior Preferred Stock shall have no other special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for the taking of any corporate action.

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Section 4. Certain Restrictions.

(A) Whenever Preferential Dividends or Dividends are in arrears or the Company shall be in default of payment thereof, thereafter and until all accrued and unpaid Preferential Dividends and Dividends, whether or not declared, on shares of Series A Junior Preferred Stock outstanding shall have been paid or set irrevocably aside for payment in full, and in addition to any and all other rights which any holder of shares of Series A Junior Preferred Stock may have in such circumstances, the Company shall not

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity as to dividends with the Series A Junior Preferred Stock, unless dividends are paid ratably on the Series A Junior Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled if the full dividends accrued thereon were to be paid;

(iii) except as permitted by subparagraph (iv) of this paragraph 4(A), redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Preferred Stock, provided that the Company may at any time redeem, purchase or otherwise acquire shares of any such parity

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stock in exchange for shares of any stock of the Company ranking junior (both as to dividends and upon liquidation, dissolution or winding up) to the Series A Junior Preferred Stock; or

(iv) Purchase or otherwise acquire for consideration any shares of Series A Junior Preferred Stock, or any shares of stock ranking on a parity with the Series A Junior Preferred Stock (either as to dividends or upon liquidation, dissolution or winding up), except in accordance with a purchase offer made to all holders of such shares upon such terms as the Board of Directors of the Company, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Company shall not permit any Subsidiary (as hereinafter defined) of the Company to purchase or otherwise acquire for consideration any shares of stock of the Company unless the Company could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner. A "Subsidiary" of the Company shall mean any corporation or other entity of which securities or other ownership interests having ordinary voting power sufficient to elect a majority of the board of directors of such corporation or other entity or other persons performing similar functions are beneficially owned, directly or indirectly, by the Company or by any corporation or other entity that is otherwise controlled by the Company.

(C) The Company shall not issue any shares of Series A Junior Preferred Stock except upon exercise of Rights issued pursuant to that certain Rights Agreement effective

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as of September 13, 1999, between the Company and ChaseMellon Shareholder Services, L.L.C., as Rights Agent, a copy of which is on file with the Secretary of the Company at its principal executive office and shall be made available to stockholders of record without charge upon written request therefor addressed to said Secretary. Notwithstanding the foregoing sentence, nothing contained in the provisions hereof shall prohibit or restrict the Company from issuing for any purpose any series of Preferred Stock with rights and privileges similar to, different from, or greater than, those of the Series A Junior Preferred Stock.

Section 5. Reacquired Shares. Any shares of Series A Junior Preferred Stock purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares upon their retirement and cancellation shall become authorized but unissued shares of Preferred Stock, without designation as to series, and such shares may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors of the Company.

Section 6. Liquidation, Dissolution or Winding Up. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, no distribution shall be made (i) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Preferred Stock unless the holders of shares of Series A Junior Preferred Stock shall have received, subject to adjustment as hereinafter provided, (A) \$100 per share plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment or, (B) if greater than the amount specified in clause (i)(A) of this sentence, an amount equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock, as the same may be adjusted as hereinafter provided and (ii) to the holders of stock ranking on a parity upon

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liquidation, dissolution or winding up with the Series A Junior Preferred Stock, unless simultaneously therewith distributions are made ratably on the Series A Junior Preferred Stock and all other shares of such parity stock in proportion to the total amounts to which the holders of shares of Series A Junior Preferred Stock are entitled under clause (i)(A) of this sentence and to which the holders of such parity shares are entitled, in each case upon such liquidation, dissolution or winding up. The amount to which holders of Series A Junior Preferred Stock may be entitled upon liquidation, dissolution or winding up of the Company pursuant to clause (i)(B) of the foregoing sentence is hereinafter referred to as the "Participating Liquidation Amount" and the multiple of the amount to be distributed to holders of shares of Common Stock upon the liquidation, dissolution or winding up of the Company applicable pursuant to said clause to the determination of the Participating Liquidation Amount, as said multiple may be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Liquidation Multiple." In the event the Company shall at any time after September 13, 1999 (i) declare or pay any dividend on Common Stock payable in shares of Common Stock, (ii) effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, or (iii) issue any shares of its capital stock in a reclassification of the Common Stock (including any such reclassification in connection with a consolidation or merger in which the Company is continuing or surviving corporation), then, in each such case, the Liquidation Multiple thereafter applicable to the determination of the Participating Liquidation Amount to which holders of Series A Junior Preferred Stock shall be entitled after such event shall be the Liquidation Multiple applicable immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

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Section 7. Certain Reclassification and Other Events.

(A) In the event that holders of shares of Common Stock of the Company receive after September 13, 1999 in respect of their shares of Common Stock any share of capital stock of the Company (other than any share of Common Stock of the Company), whether by way of reclassification, recapitalization, reorganization, dividend or other distribution or otherwise (a "Transaction"), then, and in each such event, the dividend rights, voting rights and rights upon the liquidation, dissolution or winding up of the Company of the shares of Series A Junior Preferred Stock shall be adjusted so that after such event the holders of Series A Junior Preferred Stock shall be entitled, in respect of each share of Series A Junior Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such adjustment, to (i) such additional dividends as equal the Dividend Multiple in effect immediately prior to such Transaction multiplied by the additional dividends which the holder of a share of Common Stock shall be entitled to receive by virtue of the receipt in the Transaction of such capital stock, (ii) such additional voting rights as equal the Vote Multiple in effect immediately prior to such Transaction multiplied by the additional voting rights which the holder of a share of Common Stock shall be entitled to receive by virtue of the receipt in the Transaction of such capital stock and (iii) such additional distributions upon liquidation, dissolution or winding up of the Company as equal the Liquidation Multiple in effect immediately prior to such Transaction multiplied by the additional amount which the holder of a share of Common Stock shall be entitled to receive upon liquidation, dissolution or winding up of the Company by virtue of the receipt in the Transaction of such capital stock, as the case may be, all as provided by the terms of such capital stock.

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(B) In the event that holders of shares of Common Stock of the Company receive after September 13, 1999 in respect of their shares of Common Stock any right or warrant to purchase Common Stock (including as such a right, for all purposes of this paragraph, any security convertible into or exchangeable for Common Stock) at a purchase price per share less than the Fair Market Value of a share of Common Stock on the date of issuance of such right or warrant, then and in each such event the dividend rights, voting rights and rights upon the liquidation, dissolution or winding up of the Company of the shares of Series A Junior Preferred Stock shall each be adjusted so that after such event the Dividend Multiple, the Vote Multiple and the Liquidation Multiple shall each be the product of the Dividend Multiple, the Vote Multiple and the Liquidation Multiple, as the case may be, in effect immediately prior to

such event multiplied by a fraction the numerator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the maximum number of shares of Common Stock which could be acquired upon exercise in full of all such rights or warrants and the denominator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the number of shares of Common Stock which could be purchased, at the Fair Market Value of the Common Stock at the time of such issuance, by the maximum aggregate consideration payable upon exercise in full of all such rights or warrants.

(C) In the event that holders of shares of Common Stock of the Company receive after September 13, 1999 in respect of their shares of Common Stock any right or warrant to purchase capital stock of the Company (other than shares of Common Stock), including as such a right, for all purposes of this paragraph, any security convertible into or exchangeable for capital stock of the Company (other than Common Stock), at a purchase price

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per share less than the Fair Market Value of such shares of capital stock on the date of issuance of such right or warrant, then and in each such event the dividend rights, voting rights and rights upon liquidation, dissolution or winding up of the Company of the shares of Series A Junior Preferred Stock shall each be adjusted so that after such event each holder of a share of Series A Junior Preferred Stock shall be entitled, in respect of each share of Series A Junior Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such event, to receive (i) such additional dividends as equal the Dividend Multiple in effect immediately prior to such event multiplied, first, by the additional dividends to which the holder of a share of Common Stock shall be entitled upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Discount Fraction (as hereinafter defined) and (ii) such additional voting rights as equal the Vote Multiple in effect immediately prior to such event multiplied, first, by the additional voting rights to which the holder of a share of Common Stock shall be entitled upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Discount Fraction and (iii) such additional distributions upon liquidation, dissolution or winding up of the Company as equal the Liquidation Multiple in effect immediately prior to such event multiplied, first, by the additional amount which the holder of a share of Common Stock shall be entitled to receive upon liquidation, dissolution or winding up of the Company upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Discount Fraction. For purposes of this paragraph, the "Discount Fraction" shall be a fraction the numerator of which shall be the difference between the Fair Market Value of a share of the capital stock subject to a right or warrant distributed to holders of shares of Common Stock of the Company as contemplated by this paragraph immediately after the distribution

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thereof and the purchase price per share for such share of capital stock pursuant to such right or warrant and the denominator of which shall be the Fair Market Value of a share of such capital stock immediately after the distribution of such right or warrant.

(D) For purposes of this Certificate of Designations, the "Fair Market Value" of a share of capital stock of the Company (including a share of Common Stock) on any date shall be deemed to be the average of the daily closing price per share thereof over the 30 consecutive Trading Days (as such term is hereinafter defined) immediately prior to such date; provided, however, that, in the event that such Fair Market Value of any such share of capital stock is determined during a period which includes any date that is within 30 Trading Days after (i) the ex-dividend date for a dividend or distribution on stock payable in shares of such stock or securities convertible into shares of such stock, or (ii) the effective date of any subdivision, split, combination, consolidation, reverse stock split or reclassification of such stock, then, and in each such case, the Fair Market Value shall be appropriately adjusted by the Board of Directors of the Company to take into account ex-dividend or posteffective date trading. The closing price for any day shall be the last sale price, regular way, or, in case, no such sale takes place on such day, the average of the closing bid and asked prices, regular way (in either case, as reported in the applicable transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange), or, if the shares are not listed or admitted to trading on the New York Stock Exchange, as reported in the applicable transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares are listed or admitted to trading or, if the shares are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities

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Dealers, Inc. Automated Quotation System ("NASDAQ") or such other system then in use, or if on any such date the shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the shares selected by the Board of Directors of the Company. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the shares are listed or admitted to trading is open for the transaction of business or, if the shares are not listed or admitted to trading on any national securities exchange, on which the New York Stock Exchange or such other national securities exchange as may be selected by the Board of Directors of the Company is open. If the shares are not publicly held or not so listed or traded on any day within the period of 30 Trading Days applicable to the determination of Fair Market Value thereof as aforesaid, "Fair Market Value" shall mean the fair market value thereof per share as determined in good faith by the Board of Directors of the Company. In either case referred to in the foregoing sentence, the determination of Fair Market Value shall be described in a statement filed with the Secretary of the Company.

Section 8. Consolidation, Merger, etc. In case the Company shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each outstanding share of Series A Junior Preferred Stock shall at the same time be similarly exchanged for or changed into the aggregate amount of stock, securities, cash and/or other property (payable in like kind), as the case may be, for which or into which each share of Common Stock is changed or exchanged multiplied by the highest of the Vote Multiple, the Dividend Multiple or the Liquidation Multiple in effect immediately prior to such event.

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Section 9. Effective Time of Adjustments.

(A) Adjustments to the Series A Junior Preferred Stock required by the provisions hereof shall be effective as of the time at which the event requiring such adjustments occurs.

(B) The Company shall give prompt written notice to each holder of a share of Series A Junior Preferred Stock of the effect of any adjustment to the voting rights, dividend rights or rights upon liquidation, dissolution or winding up of the Company of such shares required by the provisions hereof. Notwithstanding the foregoing sentence, the failure of the Company to give such notice shall not affect the validity of or the force or effect of or the requirement for such adjustment.

Section 10. No Redemption. The shares of Series A Junior Preferred Stock shall not be redeemable at the option of the Company or any holder thereof. Notwithstanding the foregoing sentence of this Section, the Company may acquire shares of Series A Junior Preferred Stock in any other manner permitted by law, the provisions hereof and the Amended and Restated Certificate of Incorporation of the Company.

Section 11. Ranking. Unless otherwise provided in the Amended and Restated Certificate of Incorporation of the Company or a Certificate of Designations relating to a subsequent series of preferred stock of the Company, the Series A Junior Preferred Stock shall rank junior to all other series of the Company's preferred stock as to the payment of dividends and the distribution of assets on liquidation, dissolution or winding up and senior to the Common Stock.

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Section 12. Amendment. The provisions hereof and the Amended and Restated Certificate of Incorporation of the Company shall not be amended in any manner which would adversely affect the rights, privileges or powers of the Series A Junior Preferred Stock without, in addition to any other vote of stockholders required by law, the affirmative vote of the holders of two-thirds or more of the outstanding shares of Series A Junior Preferred Stock, voting together as a single class.

IN WITNESS WHEREOF, I have executed and subscribed this Certificate of Designations and do affirm the foregoing as true under the penalties of perjury this \_\_\_\_ day of \_\_\_\_\_, 1999.

\_\_\_\_\_  
Name:  
Title:

ATTEST:

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Employment Agreements have been executed by the Company and the indicated employees, substantially identical in all material respects to the form of employment agreement filed as Exhibit 10.5 to the Company's 2001 Annual Report on Form 10-K except as noted below. Each Employment Agreement was executed by Mr. Saueracker for the Company, except the agreement with Mr. Saueracker, which was executed by Mr. John Curcio for the Company.

<b>EMPLOYEE AND POSITION</b>	<b>BASE SALARY</b>	<b>DATE OF AGREEMENT</b>	<b>TERMINATION DATE OF AGREEMENT [IF NOT EXTENDED PURSUANT TO SECTION 1(a)]</b>
<b>Gordon S. Borteck</b> Vice President, Organization and Human Resources	\$ 200,000	January 1, 2002	June 30, 2003
<b>Alain Bouruet-Aubertot</b> Senior Vice President, Managing Director, Minteq	\$ 250,000	November 25, 2002	May 31, 2004
<b>Michael A. Cipolla</b> Vice President - Controller and Chief Accounting Officer	\$ 160,000	March 1, 2001	February 28, 2002
<b>Kirk G. Forrest</b> Vice President, General Counsel and Secretary	\$ 270,000	December 1, 2004	May 31, 2006
<b>D. Randy Harrison</b> Vice President and Managing Director, Performance Minerals	\$ 200,000	January 1, 2002	June 30, 2003
<b>William Kromberg</b> Vice President - Taxes	\$ 200,000	March 1, 2001	February 28, 2002
<b>Kenneth Massimine</b> Senior Vice President, and Managing Director Paper PCC	\$ 240,000	January 1, 2002	June 30, 2003
<b>Paul R. Saueracker</b> Chairman, President and Chief Executive Officer	\$ 550,000	January 1, 2002	December 31, 2003
<b>John A. Sorel</b> Senior Vice President - Chief Financial Officer	\$ 265,000	January 1, 2002 (amended on November 25, 2002)	June 30, 2003

A Severance Agreement has been executed by the Company and the indicated employee, substantially identical in all material respects to the form of Severance Agreement filed as Exhibit 10.6 to the Company's 2000 Annual Report on Form 10-K except as noted below.

<b>EMPLOYEE</b>	<b>POSITION</b>	<b>DATE OF AGREEMENT</b>
Gordon S. Borteck	Vice President, Organization and Human Resources	March 15, 2002
Alain Bouruet-Aubertot	Senior Vice President, Managing Director, Minteq	November 25, 2002
Michael A. Cipolla	Vice President - Controller and Chief Accounting Officer	March 1, 2001
Kirk G. Forrest	Vice President, General Counsel and Secretary	December 1, 2004
D. Randy Harrison	Vice President and Managing Director, Performance Minerals	March 15, 2002
William Kromberg	Vice President - Taxes	March 1, 2001
Kenneth Massimine	Senior Vice President, and Managing Director Paper PCC	March 1, 2001
Paul R. Saueracker	Chairman, President and Chief Executive Officer	January 1, 1997
John A. Sorel	Senior Vice President - Chief Financial Officer	March 1, 2001

## EMPLOYEE PROTECTION PROGRAM

The Company has a plan for the protection of employees in the event of a takeover of the Company. The plan provides for severance pay following a change in control for any employee who is terminated other than for cause. The employee would receive four weeks of pay for each year of service, up to a maximum of two years' pay. Also, as discussed previously, the Company has established additional protection by entering into severance agreements with certain key employees.

A copy of the plan follows.

## EMPLOYEE PROTECTION PROGRAM

1. Establishment of the Program

This Employee Protection Program was established by the Board of Directors of Minerals Technologies Inc. (the "Company") at its meeting of August 27, 1999 (the "Effective Date"). This Employee Protection Program has been established for the benefit of the Participants, as defined herein.

2. Purposes

The purposes of the Program are to attract and retain valued employees, allay job security fears and concerns, improve employee morale and dedication to the Company, increase productivity by eliminating extraneous distractions and anxieties, and help ensure that employees receive the benefits they legitimately earn in the normal course of their employment. The accomplishment of these purposes is in the best interest of the Company and its stockholders.

3. Definitions

For purposes of this Program, the following terms shall have the meanings provided below:

"Change in Control" shall mean a change in control of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Company is then subject to such reporting requirement; provided that, without limitation, such a Change in Control shall be deemed to have occurred if (A) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as determined for purpose of Regulation 13D-G under the Exchange Act as currently in effect), directly or indirectly, of securities of the Company representing 15% or more of the combined voting power of the Company's then outstanding securities; or (B) during any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board and any new director, whose election to the Board or nomination for election to the Board by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board; or (C) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the holders of the voting securities of the Company outstanding immediately prior thereto holding immediately thereafter

## EMPLOYEE PROTECTION PROGRAM

securities representing more than 80% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or (D) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

The foregoing notwithstanding, no Change in Control shall be deemed to have occurred for purposes of this Program if: (A) that certain Rights Agreement approved by the Board of Directors on the Effective Date and effective as of September 13, 1999, by and between the Company and ChaseMellon Shareholder Services, L.L.C. shall be in effect at the time such "person" becomes the "beneficial owner", directly or indirectly, of 15% or more of the combined voting power of the Company's then outstanding securities; and (B) the Board of Directors determines that such person has become an Acquiring Person inadvertently and such person divests as promptly as practicable a sufficient number of shares of the Company's voting securities so that such person would no longer be an Acquiring Person. For purposes hereof, the term "Acquiring Person" shall have the meanings set forth in Section 1 of the Rights Agreement.

"Compensation" shall mean the annual base salary and bonus rate of a Participant (as defined herein), as in effect as of the Participant's Employment Termination (as defined herein).

"Constructive Termination" with respect to a Participant shall mean the resignation of such Participant from employment with the Company or a Participating Subsidiary, as the case may be, after a Change in Control on account of (i) demotion, (ii) decrease in salary, (iii) a material change in reporting responsibilities or employment duties or status inconsistent with the Participant's pre-Change in Control employment or status, (iv) involuntary relocation or transfer, (v) discontinuance of medical, health or life insurance benefits or any retirement plan in which such Participant participated before the Change in Control (without equivalent compensating remuneration or replacement by a plan providing substantially similar benefits) or any action that materially reduces such Participant's benefits or payment under such plans, or (vi) any other action which has an equivalent adverse economic effect on such Participant.

"Disability" shall mean such condition of disability as would permit an employee to obtain disability benefits under the disability insurance or other disability benefits program of the Company or a Participating Subsidiary applicable to such Participant.

"Employment Termination" shall mean the cessation of a Participant's employment with the Company or a Participating Subsidiary, as the case may be, after a Change in Control, other than by reason of death, disability, retirement, voluntary resignation not constituting a Constructive Termination, or as a result of a valid Summary Dismissal.

## EMPLOYEE PROTECTION PROGRAM

"Participant" shall mean any employee of the Company or of a Participating Subsidiary.

"Participating Subsidiary" shall mean any corporation owned, in whole or in part, by the Company which adopts this Program for the benefit of its employees.

"Retirement" shall mean retirement at or after a Participant's normal retirement date as determined in accordance with the Retirement Annuity Plan of Minerals Technologies Inc. or the pension plan or policy of a Participating Subsidiary in which such Participant participates or pursuant to early retirement as permitted by such pension plan or policy.

"Subsidiary" shall mean any corporation a majority of the voting stock of which is or was owned, directly or indirectly, by the Company.

"Severance Pay" shall mean the cash severance payments payable to a Participant under this Program pursuant to the schedule set forth in Section 5 of this Program.

"Summary Dismissal" shall mean the discharge of a Participant from employment with the Company or a Participating Subsidiary, as the case may be, for cause, including but not limited to an act or acts of dishonesty which result in improper personal enrichment of the Participant at the expense of the Company or any Subsidiary, as the case may be, including a resignation in lieu of such dismissal.

#### 4. Eligibility

All U.S. employees of the Company or of a Participating Subsidiary other than an employee who is party to an executive severance agreement substantially in the form approved by the Board of Directors on May 23, 1996, and other than an employee covered by a collective bargaining agreement that does not provide for participation in the Program shall be eligible to participate in the Program. Eligible employees outside the U.S. shall be treated similarly to those in the U.S. with appropriate offsets being made for severance arrangements that exist by reason of local plan or practice or applicable law.

#### 5. Severance Pay

If a Participant incurs an Employment Termination within a two-year period following a Change in Control, the Participant shall become entitled to Severance Pay in an amount equal to four weeks' Compensation for each full year of employment service of such Participant to the Company, to any Participating Subsidiary, and to Pfizer Inc or any of its affiliates in the case of those employees who joined the Company directly from Pfizer Inc or any of its affiliates prior to May 1, 1993. However, in no event shall such Severance Pay be more than twice the Participant's annual compensation.

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### EMPLOYEE PROTECTION PROGRAM

Severance Pay shall be paid in a lump sum as soon as practicable after Employment Termination and shall be in lieu of any cash severance payments otherwise payable to such Participant on account of the Participant's separation from service, unless otherwise provided by a written agreement between such Participant and the Company or a Participating Subsidiary. Any amount payable pursuant to any such agreement shall reduce the amount payable under this Program on a dollar-for-dollar basis unless otherwise explicitly provided in such agreement.

No benefits shall be payable hereunder unless there shall have been a Change in Control of the Company.

#### 6. Administration

The Board of Directors of the Company or a committee thereof shall appoint a committee to administer the Program (the "Administrative Committee") consisting of at least three Participants, one of whom shall be the Vice President - Organization and Human Resources, who shall act as chairman. The committee shall have the authority to adopt such rules and procedures as it deems necessary or appropriate for the implementation of this Program and to interpret and apply this Program in order to carry out its purposes.

#### 7. Dispute Resolution

In the event a dispute arises between a Participant and the Company or a Participating Subsidiary, as the case may be, relating to any matter under this Program, the Participant (including the Participant's duly authorized representative) shall have the option (a) to file an appeal of the Participant's denied claim with the Administrative Committee (or any committee of the Board of Directors of the Company authorized by the Board of Directors of the Company to act on such matters) which shall be the Participant's named fiduciary for review of denied claims under Sections 402(a)(2) and 503(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or (b) submit such denied claim to an arbitration panel for decision. If a Participant chooses to prosecute an appeal as contemplated by clause (a) of the foregoing sentence, the Participant shall be entitled to a full and fair review in conformance with Section 2560.503-1(g) and (h) of Chapter 29 of the Code of Federal Regulations. If a Participant chooses to submit the denied claim to an arbitration panel, it shall be heard, promptly, before a panel of three independent arbitrators, one selected by the Company or Participating Subsidiary, as the case may be, one selected by the Participant, and a third selected by the two other arbitrators. In the event that agreement cannot be reached on the selection of the third arbitrator, such arbitrator shall be selected by the American Arbitration Association ("AAA"). Any such arbitration shall be conducted in accordance with the rules of the AAA. All matters presented to a panel shall be decided by majority vote. All decisions of either the named fiduciary for review of denied claims or the arbitration panel shall be conclusive and binding upon the

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### EMPLOYEE PROTECTION PROGRAM

Company or Participating Subsidiary, as the case may be, the Participant and any other interested parties. (If a Participant believes the dispute resolution mechanism provided by this Program would be futile or cause such Participant irreparable harm, the Participant may, in the Participant's sole discretion, elect to enforce the Participant's rights under the Program pursuant to Section 502 of ERISA.)

#### 8. Expenses

All Program administration expenses incurred by the Administrative Committee shall be borne by the Company and all other administration expenses incurred by the Company or any Participating Subsidiary shall be borne by the Company or such Participating Subsidiary, as appropriate. All expenses of a Participant reasonably incurred in successfully enforcing the Participant's rights under this Program, including, without limitation, attorney's fees and disbursements, if any, shall be borne by the Company. The Company shall reimburse the Participant for such expenses, promptly upon presentation of appropriate documentation thereof.

#### 9. Amendment

The Program may be amended by the Board of Directors of the Company or a duly authorized committee thereof, at any time or from time to time; provided, however, that any amendment which would have a significant adverse effect on any Participant's rights under this Program after a Change in Control shall not be amended as to such Participant without the written consent of such Participant.

#### 10. Termination

This Program shall continue for a term of two years from the Effective Date; provided, however, that it may be renewed for subsequent two-year periods by the Board of Directors of the Company or a duly authorized committee thereof, by duly adopting a resolution stating that the Program shall be renewed as to it. If, however, a Change in Control occurs during the term of the Program, the Program shall continue until the Company or Participating Subsidiary, as appropriate, shall have fully performed all of its obligations under this Program with respect to all Participants.

#### 11. Participant Rights

The Company and any Participating Subsidiary intend this Program to constitute a legally enforceable obligation between (a) the Company or Participating Subsidiary, as the case may be, and (b) each Participant, and to be subject to enforcement under Section 502(a) of ERISA. It is also intended that the Program confer vested rights on each Participant under the terms of this Program with Participants being third party

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### EMPLOYEE PROTECTION PROGRAM

beneficiaries hereof. Nothing in the Program, however, shall be construed to confer on any Participant any right to continue in the employ of the Company or a Participating Subsidiary or affect in any way the right of the Company or a Participating Subsidiary to terminate a Participant's employment without prior notice at any time for any reason or for no reason.

#### 12. Governing Law

The Program is intended to be an unfunded "employee welfare benefit plan" providing severance benefits within the meaning of Section 3(1) of ERISA and Section 2510.3-2(b) of Chapter 29 of the Code of Federal Regulations. Except to the extent that the Program is subject to the provisions of ERISA, the Program shall be construed and governed by,

and construed and enforced in accordance with, the laws of the State of Delaware (regardless of the law that might otherwise govern under applicable principles, policies or provisions of choice or conflict of laws).

**13. Effect on Other Benefits**

Except as otherwise provided herein, this Program shall not affect any Participant's rights or entitlement under any other retirement or employee benefit plan offered to the Participant by the Company or any Participating Subsidiary, as appropriate, as of the Participant's Employment Termination.

**14. Successors**

The Program shall be binding upon any successor in interest of the Company or a Participating Subsidiary, as the case may be, and shall inure to the benefit of, and be enforceable by, a Participant's assigns or heirs.

**15. Severability**

The various provisions of the Program are severable and any determination of invalidity or unenforceability of any one provision shall not have any effect on the remaining provisions.

**16. Construction**

In determining the meaning of any provision of this Program, the singular shall include the plural, unless the context otherwise requires. Headings of sections of this Program are for convenience only and are not intended to modify or affect the meaning of the substantive provisions of this Program.

(August 27, 1999)

## SUBSIDIARIES OF THE COMPANY

<u>Name of the Company</u>	<u>Jurisdiction of Organization</u>
APP China Specialty Minerals Pte Ltd.	Singapore
Barretts Minerals Inc.	Delaware
ComSource Trading Ltd.	Delaware
Ferrotron Technologies GmbH	Germany
Gold Lun Chemicals (Zhenjiang).	China
Gold Sheng Chemicals (Zhenjiang) Co., Ltd.	China
Gold Zuan Chemicals (Suzhou).	China
Hi-Tech Specialty Minerals Company, Limited	Thailand
Huzhou Minteq Refractory Co. Ltd.	China
Minerals Technologies do Brasil Comercio e Industria de Minerais Ltda.	Brazil
Minerals Technologies Europe N.V.	Belgium
Minerals Technologies Holdings Ltd.	United Kingdom
Minerals Technologies Mexico Holdings, S. de R. L. de C.V.	Mexico
Minerals Technologies South Africa (Pty) Ltd.	South Africa
Mintech Canada Inc.	Canada
Mintech Japan K.K.	Japan
Minteq Australia Pty Ltd.	Australia
Minteq B.V.	The Netherlands
Minteq Europe Limited.	Ireland
Minteq International GmbH	Germany
Minteq International Inc.	Delaware
Minteq International (Suzhou) Co., Ltd.	China
Minteq Italiana S.p.A.	Italy
Minteq Korea Inc.	Korea
Minteq Magnesite Limited	Ireland
Minteq Metallurgical Materials (Suzhou) Co., Ltd.	China
Minteq Shapes and Services Inc.	Delaware
Minteq UK Limited.	United Kingdom
MTI Holdings GmbH	Germany
MTX Finance Inc.	Delaware
MTX Finance Ireland	Ireland
PT Sinar Mas Specialty Minerals	Indonesia
Rijnstaal U.S.A., Inc.	Pennsylvania
RL Vision Tech Oy	Finland
SMI Poland Sp. z o.o.	Poland
Specialty Minerals Benelux	Belgium
Specialty Minerals FMT K.K.	Japan
Specialty Minerals France s.p.a.s.	France
Specialty Minerals GmbH	Germany
Specialty Minerals Inc.	Delaware
Specialty Minerals International Inc.	Delaware
Specialty Minerals Israel Limited	Israel
Specialty Minerals Malaysia Sdn. Bhd.	Malaysia

Specialty Minerals (Michigan) Inc.	Michigan
Specialty Minerals Mississippi Inc.	Delaware
Specialty Minerals Nordic Oy Ab	Finland
Specialty Minerals (Portugal) Especialidades Minerais, S.A.	Portugal
Specialty Minerals, S.A. de C.V.	Mexico
Specialty Minerals Servicios, S. de R. L. de C.V.	Mexico
Specialty Minerals Slovakia, spol. sr.o.	Slovakia
Specialty Minerals South Africa (Pty.) Limited	South Africa
Specialty Minerals (Thailand) Limited	Thailand
Specialty Minerals UK Limited	United Kingdom
Synsil Products Inc.	Delaware
Tecnologias Minerales de Mexico, S.A. de C.V.	Mexico

Consent of Independent Registered Public Accounting Firm

The Board of Directors  
Minerals Technologies Inc.:

We consent to the incorporation by reference in the registration statements (No. 33-59080, 33-65268, 33-96558, and 333-52739) on Form S-8 of Minerals Technologies Inc. of our reports dated March 10, 2005, with respect to the consolidated balance sheets as of December 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2004, and the related financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004 and the effectiveness of internal control over financial reporting as of December 31, 2004, which reports appear in the December 31, 2004 annual report on Form 10-K of Minerals Technologies Inc.

Our report refers to the adoption in 2003 of Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations."

KPMG LLP

New York, New York  
March 10, 2005



RULE 13a-14(a)/15d-14(a) CERTIFICATIONS

I, Paul R. Saueracker, certify that:

1. I have reviewed this Annual Report on Form 10-K of Minerals Technologies Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2005

/s/Paul R. Saueracker  
 Paul R. Saueracker  
 Chairman of the Board, President  
 and Chief Executive Officer

I, John A. Sorel, certify that:

1. I have reviewed this Annual Report on Form 10-K of Minerals Technologies Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2005

/s/John A. Sorel  
 John A. Sorel

Senior Vice President - Finance and  
Chief Financial Officer

**SECTION 1350 CERTIFICATION**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350 of Chapter 63 of Title 18, United States Code), each of the undersigned officers of Minerals Technologies Inc., a Delaware corporation (the "Company"), does hereby certify that:

The Annual Report on Form 10-K for the year ended December 31, 2004 (the "Form 10-K") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 10, 2005

/s/Paul R. Saueracker  
Paul R. Saueracker  
Chairman of the Board, President and  
Chief Executive Officer

Dated: March 10, 2005

/s/John A. Sorel  
John A. Sorel  
Senior Vice President-Finance and  
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to Exchange Act Rule 13a-14(b); is not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section; and is not deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act of 1934.